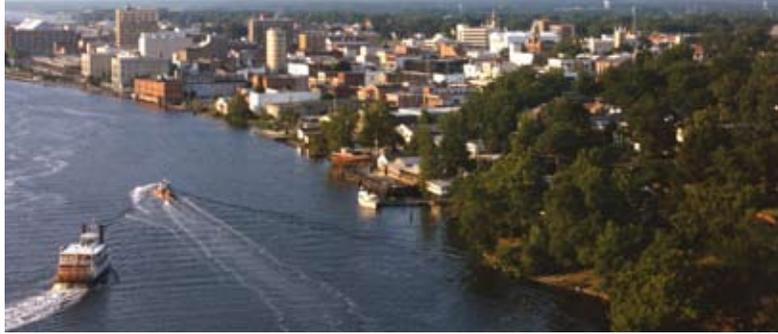


# Comprehensive Annual Financial Report



City of Wilmington North Carolina  
For the Fiscal Year Ended June 30, 2007

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City of Wilmington North Carolina

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007



Prepared by the Finance Department

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**INTRODUCTORY SECTION TAB (FRONT)**

**INTRODUCTORY SECTION TAB (BACK)**

# CITY OF WILMINGTON, NORTH CAROLINA

## Comprehensive Annual Financial Report

Year Ended June 30, 2007

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**City Council**

Vassilios A. Saffo, Mayor  
James L. Quinn, III, Mayor Pro-Tem  
Patricia S. Delair  
Lethia S. Hankins  
Laura W. Padgett  
Earl Sheridan  
Jason Thompson

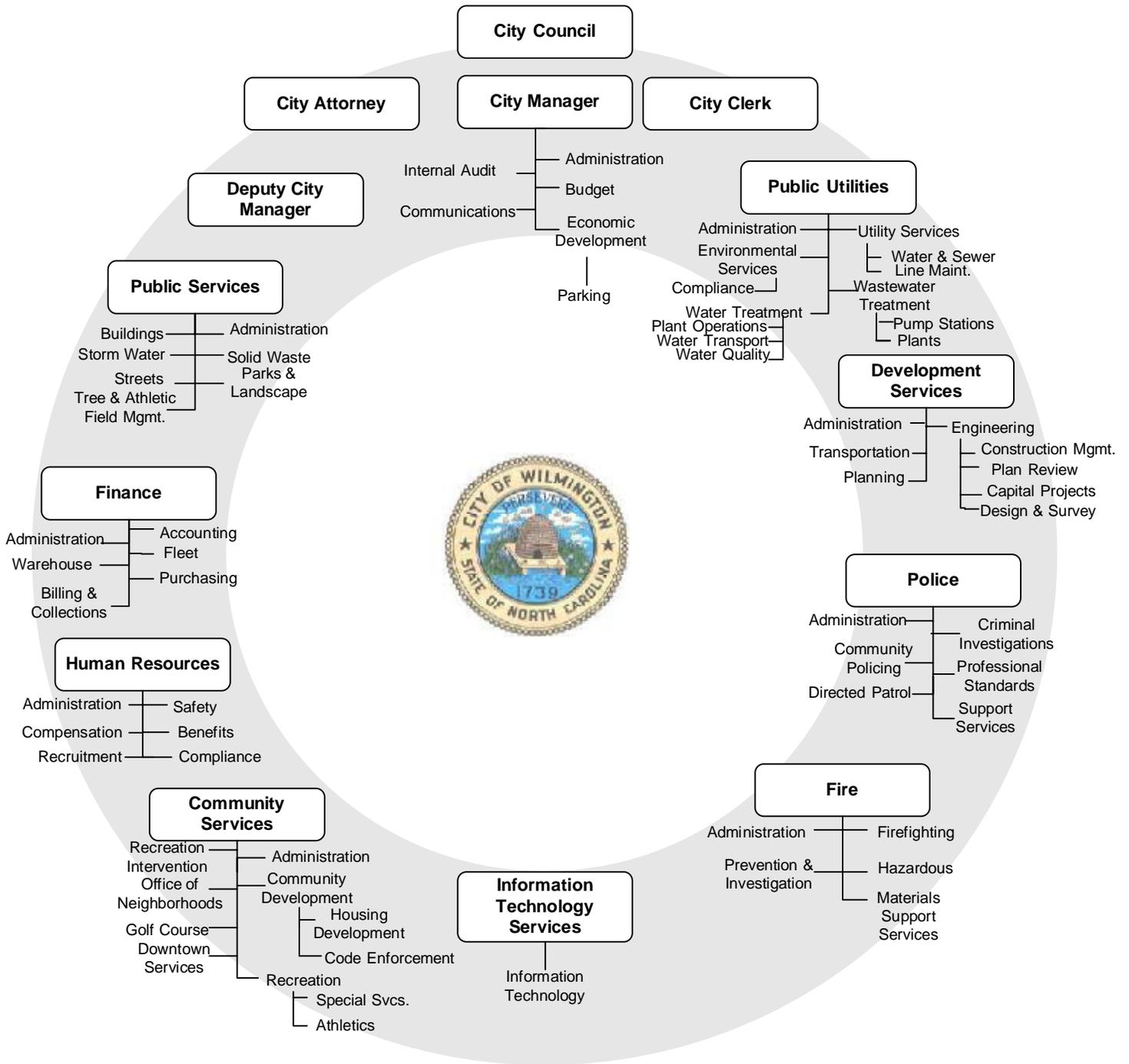
**City Manager**

Sterling B. Cheatham

**Finance Director**

Debra H. Mack

# City of Wilmington North Carolina







Finance Department

Accounting Division  
320 Chestnut Street  
PO Box 1810  
Wilmington, NC 28402-1810

910 341-7822 phone  
910 254-0906 fax  
wilmingtonnc.gov  
Dial 711 TTY/Voice

November 14, 2007

Honorable Mayor, Members of the  
City Council and City Manager  
CITY OF WILMINGTON  
Wilmington, North Carolina

The Comprehensive Annual Financial Report of the City of Wilmington, North Carolina, for the fiscal year ended June 30, 2007, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material aspects; it is presented in a manner designed to present fairly the financial activity of its various funds and component unit; and all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the Certificate for Excellence in Financial Reporting for the fiscal year ended June 30, 2006, the City's organization chart and a listing of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis and basic financial statements including notes to financial statements and required supplementary information. Management discussion and analysis complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section presents information in conformity with provisions of the Federal and State Single Audit Acts, which establish audit requirements for state and local governments that receive federal and state awards. This section includes schedules of federal and state awards, findings and questioned costs and the independent auditor's reports on internal control and compliance with applicable laws and regulations.

## **INDEPENDENT AUDIT**

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local governmental units. The City's financial statements have been audited by Lanier, Whaley, Craft and Company, a firm of licensed certified public accountants appointed by City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007 are free of material misstatement. Their audit was performed in accordance with generally accepted auditing standards and government auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal and state awards.

## **PROFILE OF GOVERNMENT**

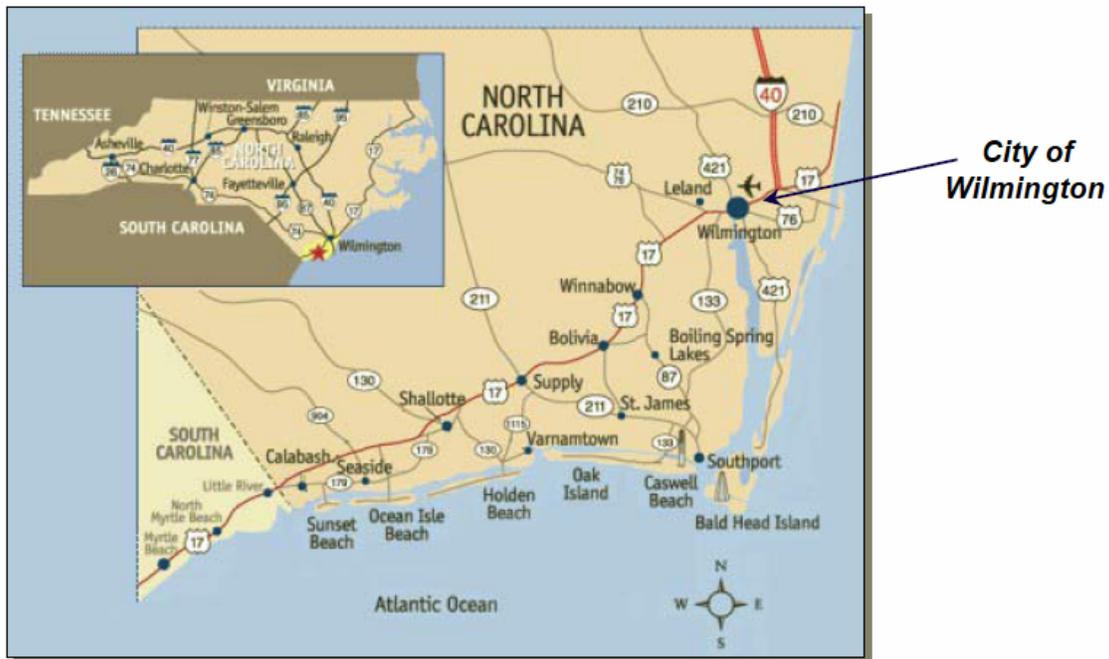
The City is located in southeastern North Carolina on the Atlantic Coast. The City, which was incorporated in 1739, presently covers a land area of 54 square miles and has a population of 98,529, making it the eighth largest city in North Carolina. The City is empowered to levy a property tax on the appraised value of all real and certain tangible personal property located in the City. New Hanover County is the only other unit levying taxes within the City's corporate limits. The City is also empowered by statutes to extend its corporate limits by annexation.

The City has a Council-Manager form of government. The Council is comprised of the Mayor and six Council members. The Mayor is elected at large every two years and the Council members are elected at large every four years with staggered terms. The Council is the legislative body of city government with the Mayor as a voting member and the presiding officer. The city manager is appointed by the Council and administers the daily operations of the City through appointed department heads.

The City provides the full range of services contemplated by statute. This includes police, fire, sanitation, streets, public improvements, planning and zoning and general administrative services. The City also operates consolidated water and sewer utility systems, a ground water utility system, parking facilities, golf course, and provides solid waste and storm water management services. In addition, the Cape Fear Public Transportation Authority, a component unit, provides bus transit services within the City.

The annual budget serves as the foundation of the City's financial planning and control. The budget process begins with an annual work session in January with the City Council. The City's strategic plan is revised as needed and priorities for the upcoming budget process are identified. Department heads submit requests for appropriation to the city manager during the first weeks of March each year. The city manager uses these requests as the starting point for developing a proposed budget. The city manager then presents this proposed budget to the City Council for review in early May each year. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the fiscal year.

The annual budget is prepared at a functional level (e.g. public safety). Department heads may make transfers of appropriations within a department. Transfers of appropriations between functions (e.g. public safety), however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund and enterprise fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For enterprise funds with appropriated annual budgets, this comparison is presented in the enterprise funds subsection of this report, which starts on page 118. Also included are budget-to-actual comparisons for each governmental fund and enterprise fund for which a project-length budget has been adopted (i.e., special revenue funds and capital projects funds).



## ECONOMIC CONDITIONS AND OUTLOOK

The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The city's population has increased over 10% since 2000. According to New Hanover County, development exceeded \$722 million in fiscal year 2006-2007. An annual forecast prepared by the University of North Carolina at Wilmington's Cameron School of Business estimates the area's economy will grow at a rate of 4.5% in 2008 following a 5% growth rate in 2007.

Wilmington's unemployment rate has consistently been less than state and federal levels. This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, and construction comprising over 60% of the workforce. Major employers in the City with over 1,000 employees include New Hanover Health Network, Pharmaceutical Product Development, Inc., University of North Carolina at Wilmington, New Hanover County Board of Education, New Hanover County, and the City of Wilmington.

Local industries are involved in a range of operations from simple assembly to manufacturing processes producing synthetic fibers, fiber optics, nuclear fuel and jet engine components. Corning, the world's leading manufacturer of fiber optics, announced in July 2007, that it has invented a fiber capable of twisting and turning without losing its signal – an innovation that could bring speed-of-light Internet connections to millions of apartments and high-rises. Verizon Communications, which helped Corning develop the new technology, is spending \$23 billion to put down 80,000 miles of fiber to reach the homes of 18 million customers by 2010. Corning is hoping its new fiber makes it easier to connect to the estimated 680 million apartment homes worldwide, 25 million of them in the United States. The impact of this announcement on Corning's Wilmington plant is unknown at this time.

New Hanover Health Network (NHHN) continues to expand its services and is southeastern North Carolina's leading health-care provider with over 4,700 employees. Construction is underway for a four-year \$221 million expansion of their Wilmington facilities. The plan features a new women's and children's center with an expanded service line to include the area's first pediatric intensive care facility. The current nine floor patient tower is being completely renovated and converted to almost all private rooms. A new 100,000 square foot surgical pavilion on the main campus scheduled to open in December 2007 will feature 26 operating rooms and 76 recovery rooms.

The University of North Carolina at Wilmington (UNCW), for the tenth consecutive year, was rated among the top 10 public masters universities in the south by *U.S. News and World Report*. UNCW enrollment is approximately 11,900 in the fall of 2007. The University also received the 2008 "Best in the Southeast" and "Best Value" designation by *The Princeton Review* and a top 5 "Best Value" rating among public universities in North Carolina by *Kiplinger's*. In addition to UNCW, Cape Fear Community College (CFCC) is one of the largest schools in the North Carolina Department of Community Colleges system with almost 7,500 students enrolled for fall 2007.

The City's location affords industries equal accessibility to major markets north and south. The Wilmington port, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. In fiscal year 2006, the State-owned port terminal in the city handled 3,461,290 tons of cargo, an increase of over 450,000 tons from the previous year. In September 2006 the North Carolina State Port Authority Board of Directors approved the purchase of four 100 foot gauge container cranes. The cranes were delivered and operational in spring 2007, giving the port the capacity to handle larger vessels.

Tourism remains the largest economic driver in the area in terms of employment and revenues. Nearby beaches, the historic river front area, and the USS North Carolina Battleship memorial are attractions for tourism business. A variety of special events held year-round, such as the Azalea Festival and Riverfest, add to the area's appeal to tourists. The economic impact of travel in New Hanover County was \$388 million in 2006 according to a study conducted by the North Carolina Division of Tourism. This represented a 10.8% increase over 2005 and ranks New Hanover County 8th among North Carolina counties.

## **ACCOMPLISHMENTS AND INITIATIVES**

During FY 2006-07, the City achieved a number of improvements in municipal operations and services provided to the citizens of the City. Some of the more significant accomplishments for the year and major program initiatives for the future are identified below:

Development and Redevelopment. The City of Wilmington has a variety of development and redevelopment challenges and opportunities. The City's annual population growth rate was fairly consistent from 1940 to 1980 – at around 1%. In the 1980s and 1990s, the annual growth rate was approximately 2%. In 1999 and 2000, the City annexed approximately 26,000 people, contributing to a substantial population increase. Since 2001, the growth rate has been approximately 1.65% per year. The City is almost 90% developed and with an estimated future growth rate of 1% to 1.5% per year, total build-out could occur by the year 2020. Redevelopment of aging commercial areas is an emerging trend as vacant land becomes scarcer. Surrounding areas continue to increase in population while Wilmington maintains its position as the regional commercial hub.

Suburban mixed use development on undeveloped sites has been occurring over the past four years, with three large projects totaling almost 700 acres under development. As of August 2007, 80% of the Mayfaire development is complete. Autumn Hall has been released and the single-family residential portion of the project is under construction. The residential component of the Fairfield Park project has been completed.

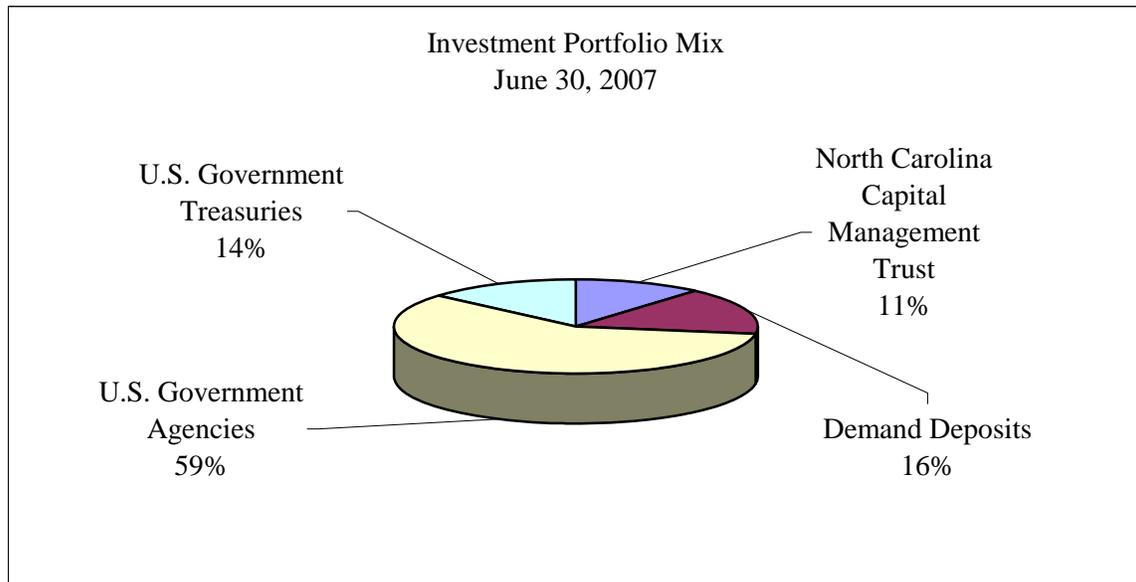
A major clean-up of the Land Development Code, adopted in December 2004, is expected to be heard by City Council early 2008. The last code clean-up was completed in 2005. Staff has implemented a biennial schedule for code maintenance to ensure that, as it's implemented, the code remains pertinent and accurate. In addition to the clean-up, amendments have been adopted which add flexibility to the code, including allowing limited mixed-uses in multi-family zoning districts and a proposed Riverfront Mixed Use District.

Public Facilities. Construction was completed on an 85,000 square foot police headquarters at a total cost approximating \$24 million dollars.

Water and Sewer Consolidation. In September 2005 a resolution was concurrently approved by the Wilmington City Council and the New Hanover County Commissioners declaring the intention of the two bodies to form a separate authority to consolidate water and sewer operations. In June of 2006, the two bodies created a Water Sewer Advisory Committee to guide the consolidation effort. In May 2007, The City Council of the City and the New Hanover County Board of Commissioners each adopted resolutions creating a water and sewer authority to consolidate the water and sewer systems of the City, the County and the New Hanover County Water and Sewer District (the "District"). The articles of incorporation for the Cape Fear Public Utility Authority were approved by the State of North Carolina on July 2, 2007. An interlocal agreement is currently being developed that when approved by the City, the County, and the Authority will provide for the transfer of the water and sewer assets and liabilities of the City, the County and the District to the Authority. This transfer is expected to take place on or after July 1, 2008.

## CASH MANAGEMENT

The City's investment policy is designed to minimize credit and market risks while maintaining a competitive yield on its portfolio. Available cash is invested in interest bearing demand deposits, obligations of the U.S. Treasury and governmental agencies, and the North Carolina Capital Management Trust (an SEC registered money market fund), in accordance with North Carolina General Statute 159-30. Deposits are either insured by federal depository insurance or are collateralized by securities held by the State Treasurer's agent in the name of the State Treasurer. At June 30, 2007, the City held \$149.6 million in cash and investments in the following mix:



## RISK MANAGEMENT

The City has a self-insured medical insurance program with administration of the program by Blue Cross/Blue Shield of North Carolina. In addition, the City contracts with Blue Cross for stop-loss pooling of claims on an individual basis once a claim reaches \$150,000 during a contract period. Aggregate stop-loss limits the City's losses to 125 percent of expected claims. The City has established a reserve for existing claims as of June 30, 2007 of \$1,047,325.

The City is also a self-insurer for workers' compensation insurance up to a maximum of \$300,000 per claim for general employees and \$500,000 for public safety employees with an aggregate annual limit of \$3,000,000. The City has established a reserve for existing claims as of June 30, 2007 of \$481,591. Funding is included in the General Fund for expected claims. The City purchases property, general liability, and crime insurance through qualified commercial insurers at a level deemed appropriate for each type of coverage. The coverages are placed by New Hanover County Risk Management pursuant to an interlocal agreement with the City.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ending June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

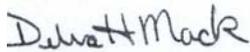
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement for twenty-four consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

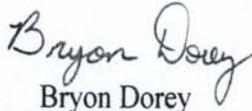
### **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We especially express our appreciation to Ellen Owens, Alice Johnson, and Eric Olsen for their efforts and contributions to the preparation of this report and Debbie Haynes for the cover design.

Respectfully submitted,



Debra H. Mack  
Finance Director



Bryon Dorey  
Financial Services Manager



Stephanie Jacobs  
Accounting and Payroll Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wilmington  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

**FINANCIAL SECTION TAB (FRONT)**

**FINANCIAL SECTION TAB (BACK)**



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Independent Auditor's Report**

The City Council  
City of Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wilmington's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina as of June 30, 2007, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2007 on our consideration of the City of Wilmington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions on pages 3 through 12 and 84 and 85 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Wilmington, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and, the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 14, 2007

## Management's Discussion and Analysis

As management of the City of Wilmington, we offer readers of the City of Wilmington's financial statements this narrative overview and analysis of the financial activities of the City of Wilmington for the fiscal year ended June 30, 2007. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

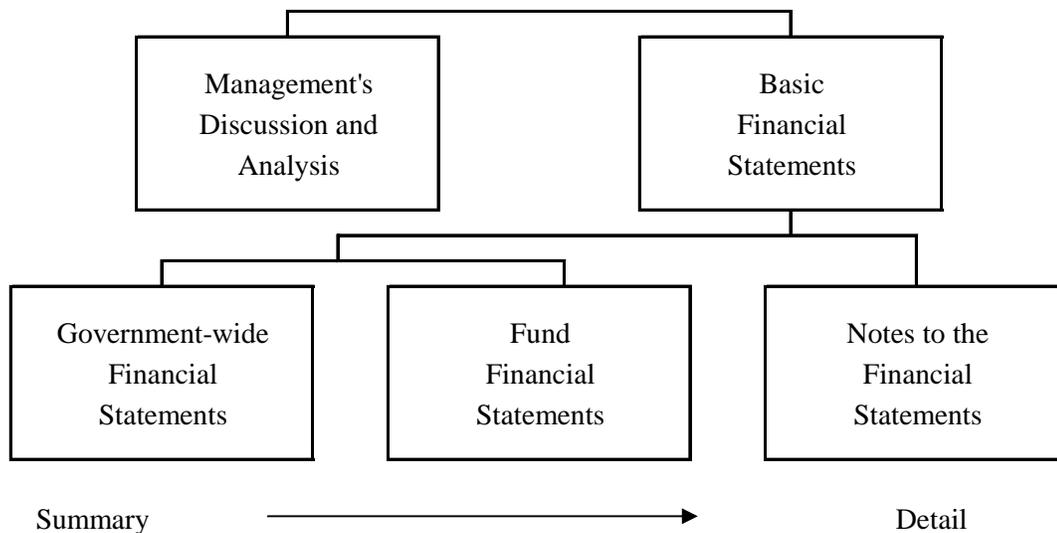
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$441,736,531 (*net assets*) after restatement for infrastructure required by GASB Statement No. 34 as more fully described in the notes to the financial statements.
- The government's total net assets increased by \$21,327,869, excluding restatement, with approximately 58.6% of that amount accounted for in the net assets of the business-type activities and 41.4% in the net assets of the governmental activities.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances decreased \$11,651,503 from the prior year to a total of \$70,280,217. Approximately 23.6% of this amount, or \$16,616,201, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$19,660,893 or 30.5% of total general fund expenditures for the fiscal year.
- The City of Wilmington's total long-term liabilities decreased by \$8,826,053 or 4.10% during the current fiscal year. Total long-term liabilities decreased for both the governmental and business-type activities by \$3,224,866 and \$5,601,187, respectively.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Wilmington.

### Required Components of Annual Financial Report

Figure 1



## **Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to evaluate the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services, solid waste services, parking facilities, storm water management, and a golf course operated by the City. The final category is the component unit. Although legally separate from the City, the Cape Fear Public Transportation Authority is important to the City because the Authority is primarily fiscally dependant upon the City.

The government-wide financial statements are on pages 13 - 15 of this report.

## **Fund Financial Statements**

The fund financial statements (see figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wilmington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Wilmington can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Wilmington adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The City of Wilmington has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wilmington uses enterprise funds to account for its water and sewer services, golf course operations, solid waste services, storm water management, and operations of the parking facilities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Wilmington. The City uses an internal service fund to account for two activities – fleet operations and personal computer replacement. Because these operations benefit predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 34 - 83 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Wilmington’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 84 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the City of Wilmington exceeded liabilities by \$441,736,531 as of June 30, 2007. The City’s net assets increased by \$21,327,869 for the fiscal year ended June 30, 2007.

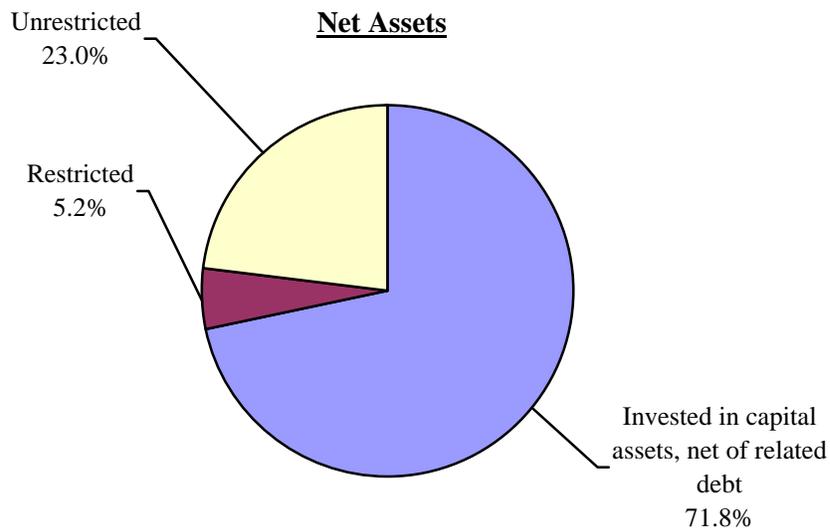
A significant portion of the City of Wilmington’s net assets \$316,875,928 (71.8%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Wilmington uses these capital assets to provide services to citizens; consequently those assets are not available for future spending. Although the City of Wilmington’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Wilmington’s net assets of \$23,174,882 (5.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$101,685,721 (23.0%) is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Wilmington was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

## Net Assets

### Figure 2

	Governmental Activities		Business-type Activities		Total	
	2007	As Restated, 2006	2007	2006	2007	As Restated, 2006
<b>ASSETS:</b>						
Current and other assets	\$ 95,799,661	\$ 105,637,514	\$ 97,066,802	\$ 118,271,652	\$ 192,866,463	\$ 223,909,166
Capital assets	<u>248,349,649</u>	<u>230,337,577</u>	<u>234,939,717</u>	<u>200,251,707</u>	<u>483,289,366</u>	<u>430,589,284</u>
Total assets	<u>344,149,310</u>	<u>335,975,091</u>	<u>332,006,519</u>	<u>318,523,359</u>	<u>676,155,829</u>	<u>654,498,450</u>
<b>LIABILITIES:</b>						
Long-term liabilities	81,314,549	84,539,415	127,671,070	133,272,258	208,985,619	217,811,673
Current and other liabilities	<u>10,680,221</u>	<u>8,115,503</u>	<u>14,753,458</u>	<u>8,162,612</u>	<u>25,433,679</u>	<u>16,278,115</u>
Total liabilities	<u>91,994,770</u>	<u>92,654,918</u>	<u>142,424,528</u>	<u>141,434,870</u>	<u>234,419,298</u>	<u>234,089,788</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	181,747,430	171,115,671	135,128,498	111,652,338	316,875,928	282,768,009
Restricted	16,934,004	14,850,785	6,240,878	5,741,848	23,174,882	20,592,633
Unrestricted	<u>53,473,106</u>	<u>57,353,717</u>	<u>48,212,615</u>	<u>59,694,303</u>	<u>101,685,721</u>	<u>117,048,020</u>
Net assets	<u>\$ 252,154,540</u>	<u>\$ 243,320,173</u>	<u>\$ 189,581,991</u>	<u>\$ 177,088,489</u>	<u>\$ 441,736,531</u>	<u>\$ 420,408,662</u>



**Governmental activities.** Governmental activities increased the City's net assets by \$ 8,834,367, accounting for 41.4% of the total growth in the net assets of the City of Wilmington. Key elements of this increase are as follows:

- Revenues related to governmental activities increased by \$3,755,085 or 4.4% over the prior year despite a decrease of \$1,372,288 in operating grants and contributions.
- Continued diligence in the collection of property taxes by maintaining a tax collection rate of 98.10% which is slightly below the statewide average of 98.14% as reported for cities over 50,000 in population for the year ending June 30, 2006.
- Increase in investment earnings of \$1,198,781.
- Program revenues provided 16.5% of the support for governmental activities.
- Expenses related to governmental activities increased by \$9,330,937 or 13.4% over the prior year. \$6,400,847 of this increase was in Transportation of which \$3,621,153 was for a payment to the New Hanover County of Board of Education for 90% of gross proceeds of Red Light Traffic Camera Revenue collected since May 26, 2002. See Note 7D. for additional information concerning this payment.

**Business-type activities.** Business-type activities increased the City of Wilmington's net assets by \$12,493,502, accounting for 58.6% of the total growth in the government-wide net assets. The largest increase in net assets was \$8,361,169 in the Water and Sewer Fund after \$2,873,020 in capital contributions. Key elements of the increase are as follows:

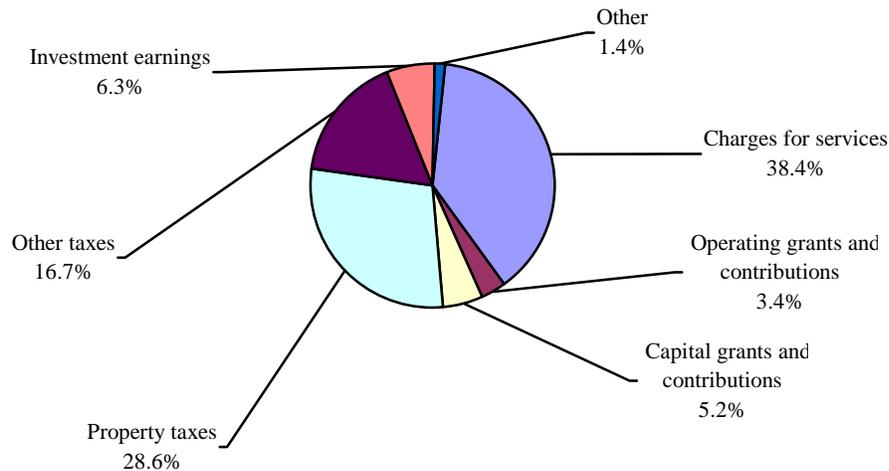
- Charges for services increased by \$3,267,596 or 7.0% over the prior year with \$2,327,013 of that increase related to an increase in water and sewer charges.
- Investment earnings increased \$1,796,160 or 57.2% over the prior year.
- Expenses related to business-type activities increased by \$4,135,695 or 9.3% over the prior year.

**Changes in Net Assets  
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 6,850,266	\$ 7,070,616	\$ 50,232,819	\$ 46,965,223	\$ 57,083,085	\$ 54,035,839
Operating grants and contributions	4,910,085	6,282,373	90,412	162,349	5,000,497	6,444,722
Capital grants and contributions	2,809,524	1,985,222	5,126,467	2,779,844	7,935,991	4,765,066
General revenues:						
Property taxes	42,601,818	41,072,872	-	-	42,601,818	41,072,872
Other taxes	24,880,064	23,011,720	-	-	24,880,064	23,011,720
Investment earnings	4,372,771	3,173,990	4,934,347	3,138,187	9,307,118	6,312,177
Other	<u>2,017,572</u>	<u>2,090,222</u>	<u>3,940</u>	<u>75,350</u>	<u>2,021,512</u>	<u>2,165,572</u>
Total revenues	<u>88,442,100</u>	<u>84,687,015</u>	<u>60,387,985</u>	<u>53,120,953</u>	<u>148,830,085</u>	<u>137,807,968</u>

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Expenses:</b>						
General government	\$ 14,379,647	\$ 15,587,565	\$ -	\$ -	\$ 14,379,647	\$ 15,587,565
Public safety	35,864,890	32,353,256	-	-	35,864,890	32,353,256
Transportation	13,754,139	7,353,292	-	-	13,754,139	7,353,292
Economic and physical development	4,481,644	3,688,117	-	-	4,481,644	3,688,117
Culture and recreation	5,976,218	5,884,529	-	-	5,976,218	5,884,529
Transit system	1,103,344	827,836	-	-	1,103,344	827,836
Hurricane disaster recovery	-	396,542	-	-	-	396,542
Interest and other charges	3,425,526	3,563,334	-	-	3,425,526	3,563,334
Water and sewer	-	-	28,480,953	24,423,115	28,480,953	24,423,115
Ground water utility	-	-	4,417,676	4,310,438	4,417,676	4,310,438
Solid waste management	-	-	8,129,899	6,818,100	8,129,899	6,818,100
Storm water management	-	-	4,570,924	5,523,127	4,570,924	5,523,127
Golf	-	-	2,009,319	2,398,299	2,009,319	2,398,299
Parking facilities	-	-	908,037	908,034	908,037	908,034
<b>Total expenses</b>	<b>78,985,408</b>	<b>69,654,471</b>	<b>48,516,808</b>	<b>44,381,113</b>	<b>127,502,216</b>	<b>114,035,584</b>
Increase in net assets before transfers	9,456,692	15,032,544	11,871,177	8,739,840	21,327,869	23,772,384
Transfers from (to) other funds	(622,325)	(791,073)	622,325	791,073	-	-
<b>Increase in net assets</b>	<b>8,834,367</b>	<b>14,241,471</b>	<b>12,493,502</b>	<b>9,530,913</b>	<b>21,327,869</b>	<b>23,772,384</b>
Net assets at beginning of year, as previously stated	113,415,468	99,173,997	177,088,489	167,557,576	290,503,957	266,731,573
Prior period adjustment (Note 4D.)	129,904,705	-	-	-	129,904,705	-
<b>Net assets at beginning of year as restated</b>	<b>243,320,173</b>	<b>99,173,997</b>	<b>177,088,489</b>	<b>167,557,576</b>	<b>420,408,662</b>	<b>266,731,573</b>
<b>Net assets at end of year</b>	<b>\$ 252,154,540</b>	<b>\$ 113,415,468</b>	<b>\$ 189,581,991</b>	<b>\$ 177,088,489</b>	<b>\$ 441,736,531</b>	<b>\$ 290,503,957</b>

**Total Revenues**



## Financial Analysis of the City's Funds

As noted earlier, the City of Wilmington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Wilmington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Wilmington's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$19,660,893 while total fund balance reached \$29,816,359. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30.5% of total General Fund expenditures, while total fund balance represents 46.3% of that same amount.

The Building Improvements capital project fund has a reserved fund balance of \$3,446,885, a decrease of \$8,960,336 from the prior year. This decrease was primarily a result of the construction of the Police Headquarters.

At June 30, 2007, the governmental funds of the City of Wilmington reported a combined fund balance of \$70,280,217, a 14.2% decrease from the prior year. The General Fund, capital projects funds, debt service fund, and special revenue funds are included in this combined amount.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues (excluding transfers) exceeded budget estimates by \$2,713,453 for the fiscal year. The most significant budgetary variation was investment earnings. Revenues from this source increased by \$695,315 or 57.8% over the prior year and exceeded budget estimates by \$1,248,790. The City's share of the countywide sales tax distribution (based on ad valorem tax basis) dropped from 22.91% to 22.89% although the overall sales tax distribution in New Hanover County was up 4.6%. The total local option sales tax levy is 2.5 cents in New Hanover County.

Expenditures (excluding transfers) in the General Fund were \$4,222,490 less than the \$68,664,139 budget. The overall decrease from budget includes decreases in personnel expenditures of approximately \$746,444, economic incentives of approximately \$500,000, and other operating expenditures of approximately \$2,976,046.

**Proprietary Funds.** The City of Wilmington's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The major enterprise funds are the Water and Sewer Fund, Ground Water Utility Fund, Solid Waste Management Fund and Storm Water Management Fund. Unrestricted net assets of the Water and Sewer Fund, Ground Water Utility Fund, Solid Waste Management Fund and Storm Water Management Fund at the end of the fiscal year amounted to \$36,262,320, \$2,872,626, \$1,360,014, and \$4,097,968, respectively. The unrestricted net assets of the other two nonmajor proprietary funds totaled \$3,619,687.

## Capital Asset and Debt Administration

**Capital assets.** The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2007 was \$483,289,366 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. As more fully described in the notes to the financial statements the City has restated land, streets and drainage as of June 30, 2006 to include major infrastructure in accordance with GASB Statement No. 34.

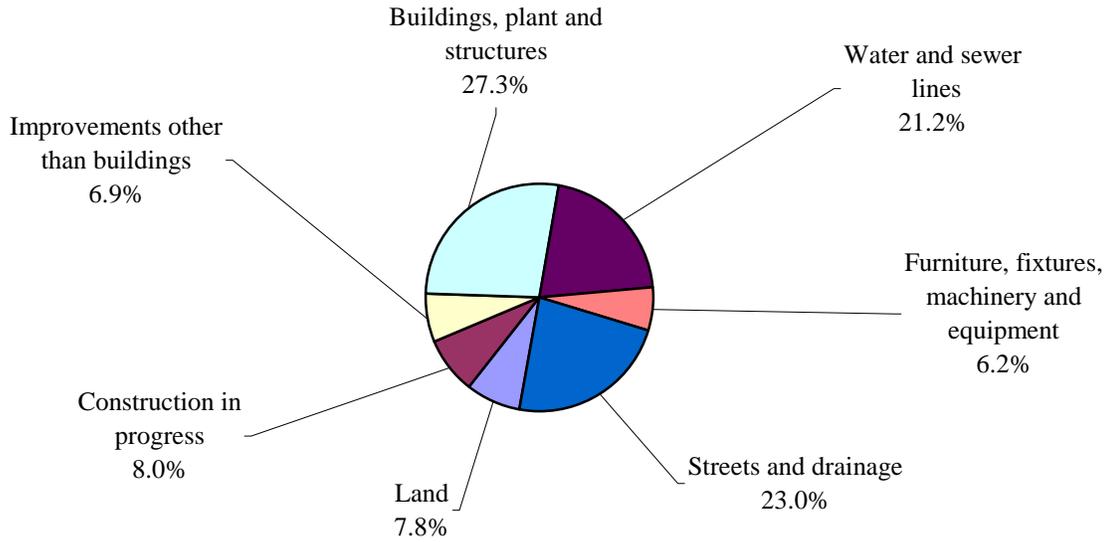
Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- The largest change in governmental activity capital assets was the completion of the Police Headquarters building which was primarily responsible for the \$13,535,334 reduction in construction in progress and the \$24,574,711 increase in buildings, plant and structures.
- The scheduled replacement of the City's rolling stock and the purchase of a new fire boat were largely responsible for the \$6,099,859 increase in furniture, fixtures, machinery and equipment; and the purchase of the Olsen Park phase I property was largely responsible for the \$4,797,935 increase in land in the governmental activity capital assets.
- An increase of \$31,770,573 in construction in progress for business-type activities represented the largest increase in business-type activities capital assets and was primarily comprised of the Northside Wastewater Treatment Plant expansion.

**Capital Assets  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2007	As Restated 2006	2007	2006	2007	As Restated 2006
	Land	\$ 45,885,198	\$ 41,087,263	\$ 5,261,047	\$ 4,436,501	\$ 51,146,245
Construction in progress	6,054,903	19,590,237	46,475,388	14,704,815	52,530,291	34,295,052
Total non-depreciable assets	51,940,101	60,677,500	51,736,435	19,141,316	103,676,536	79,818,816
Improvements other than buildings	16,402,495	14,431,941	28,758,291	26,577,178	45,160,786	41,009,119
Buildings, plant and structures	75,324,533	50,749,822	103,398,510	102,886,597	178,723,043	153,636,419
Water and sewer lines	-	-	135,995,303	131,137,820	135,995,303	131,137,820
Furniture, fixtures, machinery and equipment	37,156,415	31,056,556	3,766,262	3,292,864	40,922,677	34,349,420
Streets and drainage	150,633,474	149,438,422	-	-	150,633,474	149,438,422
Total assets being depreciated	279,516,917	245,676,741	271,918,366	263,894,459	551,435,283	509,571,200
Accumulated depreciation	(83,107,369)	(76,016,664)	(88,715,084)	(82,784,068)	(171,822,453)	(158,800,732)
Total capital assets being depreciated, net	196,409,548	169,660,077	183,203,282	181,110,391	379,612,830	350,770,468
Total capital assets, net	<u>\$ 248,349,649</u>	<u>\$ 230,337,577</u>	<u>\$ 234,939,717</u>	<u>\$ 200,251,707</u>	<u>\$ 483,289,366</u>	<u>\$ 430,589,284</u>

**Capital Assets**



Additional information on the City’s capital assets can be found in note 4 on pages 51-56 of this report.

**Long-term Liabilities.** As of June 30, 2007, the City of Wilmington had total bonded debt outstanding of \$107,422,690. Of this amount, \$38,065,000 is general obligation debt backed by the full faith and credit of the City. Of the general obligation debt a total of \$27,245,027 is paid with storm water and water and sewer system revenues, although the City’s taxing authority is the true security to the bondholders in the form of general obligation bonds. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the water and sewer system.

**Outstanding Long-term Liabilities  
General Obligation and Revenue Bonds**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 10,819,973	\$ 12,962,155	\$ 27,245,027	\$ 30,422,845	\$ 38,065,000	\$ 43,385,000
Revenue bonds	-	-	69,357,690	70,404,118	69,357,690	70,404,118
<b>Total</b>	<b>\$ 10,819,973</b>	<b>\$ 15,251,701</b>	<b>\$ 96,602,717</b>	<b>\$ 52,016,715</b>	<b>\$107,422,690</b>	<b>\$113,789,118</b>

The City of Wilmington's total bonded debt decreased by \$6,366,428 during the past fiscal year. At June 30, 2007, the general obligation debt was rated AA/AA/AA2 by Fitch, Standard and Poor's, and Moody's respectively. The revenue bonds of the Water and Sewer Fund have been rated AA-/AA-/A1 by Fitch, Standard and Poor's, and Moody's respectively. North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Wilmington is \$735,724,123. The City has \$14,000,000 of authorized but unissued bonds at June 30, 2007.

Additional information on the City of Wilmington's long-term debt can be found in note 4 on pages 62-74 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the City.

- The City of Wilmington's unemployment rate of 3.9% at June 30, 2007 was below the State average of 5.4% and the national average of 5.22%.
- Continued strong growth in construction; building permits valued at \$402,415,423 or 5.3% of the appraised property values issued for fiscal year 2007.
- Sales tax receipts (county-wide) were up 4.6% over the prior fiscal year.

All of these factors were included in preparing the City of Wilmington's budget for the 2008 fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2008**

**Governmental Activities.** Due to the general reappraisal of real property which occurs once every eight years the property tax rate was reduced to \$.30 per \$100 from \$.46 per \$100 in the prior year. The budget revenue estimate for fiscal year 2008 includes \$2,600,000 from unreserved fund balance. Budgeted expenditures, excluding transfers, in the General Fund are expected to rise 8.3% to \$73,648,462. The largest increments are in employee compensation, including funding compensation and benefits adjustments, as well as the addition of twenty-six new positions.

**Business – type Activities.** The adopted Water and Sewer Fund budget increased by 4.5% for fiscal year 2008. The \$1,507,666 increase in the budget is mostly attributable to the addition of six new positions and the addition of vehicles and specialized equipment to meet overall system needs. A 5.0% rate increase for water and a 10% increase for sewer were adopted pursuant to the second year phase in of a five-year plan of rate adjustments to support future system improvements. The rate increase also applied to the Ground Water Utility Fund. Storm water fees remained unchanged at \$5.00 per month per residence.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Wilmington, 320 Chestnut Street, Wilmington, N.C. 28401.

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets**

**June 30, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 64,759,275	\$ 54,036,631	\$ 118,795,906	\$ 961,291
Taxes receivable, net	1,404,251	-	1,404,251	-
Accounts receivable, net	338,798	6,556,663	6,895,461	73,824
Other receivables	875,588	667,433	1,543,021	-
Internal balances	(91,612)	91,612	-	-
Due from component unit	22,042	-	22,042	-
Due from other governments	8,916,373	6,072,619	14,988,992	377,011
Inventories	578,449	1,343,216	1,921,665	91,694
Deferred charges, net	876,862	1,727,933	2,604,795	-
Water availability rights, net	-	2,074,556	2,074,556	-
Notes receivable	12,182,422	-	12,182,422	-
Restricted assets:				
Cash and cash equivalents	5,664,019	24,255,897	29,919,916	-
Other accounts receivable	-	240,242	240,242	-
Net pension asset	273,194	-	273,194	-
Capital assets:				
Land and construction in progress	51,940,101	51,736,435	103,676,536	642,593
Other capital assets, net of accumulated depreciation	196,409,548	183,203,282	379,612,830	5,051,407
<b>Total assets</b>	<b>344,149,310</b>	<b>332,006,519</b>	<b>676,155,829</b>	<b>7,197,820</b>
<b>LIABILITIES</b>				
Accounts payable	6,515,778	13,601,697	20,117,475	66,009
Due to management company	-	-	-	943,684
Due to other governments	-	3,885	3,885	-
Due to primary government	-	-	-	22,042
Accrued liabilities	3,272,803	705,539	3,978,342	170,582
Customer and escrow deposits	882,970	389,603	1,272,573	-
Unearned revenues	8,670	52,734	61,404	179,000
Long-term liabilities:				
Due within one year	10,117,374	8,290,204	18,407,578	-
Due in more than one year	71,197,175	119,380,866	190,578,041	-
<b>Total liabilities</b>	<b>91,994,770</b>	<b>142,424,528</b>	<b>234,419,298</b>	<b>1,381,317</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	181,747,430	135,128,498	316,875,928	5,694,000
Restricted for:				
Community development housing loans	9,232,339	-	9,232,339	-
Law enforcement grants and contributions	345,909	-	345,909	-
Firemen's relief	140,464	-	140,464	-
Capital projects	-	1,876,909	1,876,909	-
Water and sewer facility fees	-	4,363,969	4,363,969	-
Convention center facility	7,215,292	-	7,215,292	-
Unrestricted	53,473,106	48,212,615	101,685,721	122,503
<b>Net assets</b>	<b>\$ 252,154,540</b>	<b>\$ 189,581,991</b>	<b>\$ 441,736,531</b>	<b>\$ 5,816,503</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 14,379,647	\$ 3,937,055	\$ -	\$ -
Public safety	35,864,890	976,645	595,178	820,862
Transportation	13,754,139	1,333,003	3,228,779	1,988,662
Economic and physical development	4,481,644	31,831	1,045,265	-
Cultural and recreational	5,976,218	571,732	40,863	-
Transit system	1,103,344	-	-	-
Interest and other charges	3,425,526	-	-	-
Total governmental activities	<u>78,985,408</u>	<u>6,850,266</u>	<u>4,910,085</u>	<u>2,809,524</u>
Business-type activities:				
Water and sewer	28,480,953	29,820,501	90,412	2,873,020
Ground water utility	4,417,676	4,824,661	-	-
Solid waste management	8,129,899	6,630,716	-	-
Storm water management	4,570,924	6,073,766	-	2,253,447
Parking facilities	2,009,319	1,820,003	-	-
Golf	908,037	1,063,172	-	-
Total business-type activities	<u>48,516,808</u>	<u>50,232,819</u>	<u>90,412</u>	<u>5,126,467</u>
Total primary government	<u>\$ 127,502,216</u>	<u>\$ 57,083,085</u>	<u>\$ 5,000,497</u>	<u>\$ 7,935,991</u>
Component unit	<u>\$ 6,600,703</u>	<u>\$ 1,576,030</u>	<u>\$ 2,607,770</u>	<u>\$ 1,085,859</u>

General revenues:

- Ad valorem taxes
- Room occupancy tax
- Grants and contributions not restricted to specific programs
- Operating subsidy from primary government
- Operating subsidy from other governments
- Local option sales tax
- Franchise tax
- Video programming sales tax
- Rental vehicle tax
- Investment earnings
- Miscellaneous

Transfers from (to) other funds

Total general revenues and transfers

Change in net assets

Net assets at beginning of year as previously stated

Prior period adjustment (Note 4D.)

Net assets at beginning of year as restated

Net assets at end of year

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (10,442,592)	\$ -	\$ (10,442,592)	\$ -
(33,472,205)	-	(33,472,205)	-
(7,203,695)	-	(7,203,695)	-
(3,404,548)	-	(3,404,548)	-
(5,363,623)	-	(5,363,623)	-
(1,103,344)	-	(1,103,344)	-
<u>(3,425,526)</u>	<u>-</u>	<u>(3,425,526)</u>	<u>-</u>
<u>(64,415,533)</u>	<u>-</u>	<u>(64,415,533)</u>	<u>-</u>
-	4,302,980	4,302,980	-
-	406,985	406,985	-
-	(1,499,183)	(1,499,183)	-
-	3,756,289	3,756,289	-
-	(189,316)	(189,316)	-
-	<u>155,135</u>	<u>155,135</u>	<u>-</u>
-	<u>6,932,890</u>	<u>6,932,890</u>	<u>-</u>
<u>(64,415,533)</u>	<u>6,932,890</u>	<u>(57,482,643)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,331,044)</u>
42,601,818	-	42,601,818	-
1,904,973	-	1,904,973	-
1,502,289	-	1,502,289	-
-	-	-	859,890
-	-	-	684,324
16,897,125	-	16,897,125	-
5,314,491	-	5,314,491	-
594,024	-	594,024	-
169,451	-	169,451	-
4,372,771	4,934,347	9,307,118	29,971
515,283	3,940	519,223	-
<u>(622,325)</u>	<u>622,325</u>	<u>-</u>	<u>-</u>
<u>73,249,900</u>	<u>5,560,612</u>	<u>78,810,512</u>	<u>1,574,185</u>
<u>8,834,367</u>	<u>12,493,502</u>	<u>21,327,869</u>	<u>243,141</u>
113,415,468	177,088,489	290,503,957	5,573,362
<u>129,904,705</u>	<u>-</u>	<u>129,904,705</u>	<u>-</u>
<u>243,320,173</u>	<u>177,088,489</u>	<u>420,408,662</u>	<u>5,573,362</u>
<u>\$ 252,154,540</u>	<u>\$ 189,581,991</u>	<u>\$ 441,736,531</u>	<u>\$ 5,816,503</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2007**

	General	Building Improvements Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,891,797	\$ 3,020,779	\$ 28,175,405	\$ 57,087,981
Taxes receivable, net	1,404,251	-	-	1,404,251
Accounts receivable, net	338,798	-	-	338,798
Other receivables	136,896	20,258	288,568	445,722
Due from other funds	-	-	524,799	524,799
Due from component unit	-	67,987	66,752	134,739
Due from other governments	7,545,424	44,369	1,326,261	8,916,054
Inventories	476,136	-	-	476,136
Notes receivable	326,270	-	11,856,152	12,182,422
Restricted assets:				
Cash and cash equivalents	-	1,392,383	-	1,392,383
Total assets	<u>\$ 36,119,572</u>	<u>\$ 4,545,776</u>	<u>\$ 42,237,937</u>	<u>\$ 82,903,285</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 984,387	\$ 1,098,891	\$ 4,212,908	\$ 6,296,186
Due to other funds	-	-	616,411	616,411
Due to component unit	51,284	-	61,413	112,697
Accrued liabilities	2,743,372	-	760	2,744,132
Customer and escrow deposits	624,713	-	258,257	882,970
Deferred revenues	1,899,457	-	71,215	1,970,672
Total liabilities	<u>6,303,213</u>	<u>1,098,891</u>	<u>5,220,964</u>	<u>12,623,068</u>
Fund balances:				
Reserved for encumbrances	723,027	2,719,081	2,733,569	6,175,677
Reserved for inventories	476,136	-	-	476,136
Reserved by State statute	7,852,182	132,614	2,070,809	10,055,605
Reserved for red light cameras	1,104,121	-	-	1,104,121
Reserved for loans	-	-	13,810,908	13,810,908
Reserved for firemen's relief	-	-	140,464	140,464
Reserved for capital projects	-	595,190	7,577,756	8,172,946
Reserved for debt service	-	-	6,512,867	6,512,867
Reserved for convention center facility	-	-	7,215,292	7,215,292
Unreserved, reported in:				
General Fund	19,660,893	-	-	19,660,893
Nonmajor special revenue funds	-	-	(1,034,055)	(1,034,055)
Nonmajor capital projects funds	-	-	(2,010,637)	(2,010,637)
Total fund balances	<u>29,816,359</u>	<u>3,446,885</u>	<u>37,016,973</u>	<u>70,280,217</u>
Total liabilities and fund balances	<u>\$ 36,119,572</u>	<u>\$ 4,545,776</u>	<u>\$ 42,237,937</u>	<u>\$ 82,903,285</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds (Continued)**

**June 30, 2007**

Total fund balances - governmental funds	\$ 70,280,217
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	241,417,070
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	10,889,954
Liabilities for earned but deferred revenues in fund statements.	1,962,002
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(73,028,967)
Miscellaneous adjustments to net assets including room occupancy tax and investment income receivables and pension assets not reported in the governmental funds.	<u>634,264</u>
Net assets - governmental activities	<u><u>\$ 252,154,540</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**Year Ended June 30, 2007**

	<u>General</u>	<u>Building Improvements Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 42,276,841	\$ -	\$ -	\$ 42,276,841
Other taxes	22,975,091	-	1,904,973	24,880,064
Unrestricted intergovernmental	1,282,168	-	-	1,282,168
Restricted intergovernmental	3,361,281	-	2,583,153	5,944,434
Licenses and permits	3,428,378	-	-	3,428,378
Sales and services	5,328,383	-	-	5,328,383
Fines and forfeits	102,744	-	-	102,744
Investment earnings	1,898,790	408,566	1,485,024	3,792,380
Donations	-	-	58,849	58,849
Miscellaneous	345,638	10,004	1,117,115	1,472,757
Total revenues	<u>80,999,314</u>	<u>418,570</u>	<u>7,149,114</u>	<u>88,566,998</u>
Expenditures:				
Current:				
General government	15,661,991	3,306,267	17,727	18,985,985
Public safety	33,621,775	7,376,620	2,592,021	43,590,416
Transportation	6,496,140	-	7,115,890	13,612,030
Economic and physical development	2,574,187	-	1,906,701	4,480,888
Cultural and recreational	5,227,666	-	4,985,260	10,212,926
Transit system	859,890	189,019	54,435	1,103,344
Debt service:				
Principal retirement	-	-	4,375,252	4,375,252
Interest and other charges	-	-	3,211,459	3,211,459
Total expenditures	<u>64,441,649</u>	<u>10,871,906</u>	<u>24,258,745</u>	<u>99,572,300</u>
Excess of revenues over (under) expenditures	<u>16,557,665</u>	<u>(10,453,336)</u>	<u>(17,109,631)</u>	<u>(11,005,302)</u>
Other financing sources (uses):				
Transfers from other funds	-	1,493,000	12,733,412	14,226,412
Transfers to other funds	(13,376,861)	-	(1,471,876)	(14,848,737)
Issuance of other long-term obligation	-	-	1,093,500	1,093,500
Payment to redeem other long-term obligations	-	-	(1,093,500)	(1,093,500)
Total other financing sources (uses)	<u>(13,376,861)</u>	<u>1,493,000</u>	<u>11,261,536</u>	<u>(622,325)</u>
Net change in fund balances	3,180,804	(8,960,336)	(5,848,095)	(11,627,627)
Fund balances at beginning of year	26,659,431	12,407,221	42,865,068	81,931,720
Change in reserve for inventories	<u>(23,876)</u>	<u>-</u>	<u>-</u>	<u>(23,876)</u>
Fund balances at end of year	<u>\$ 29,816,359</u>	<u>\$ 3,446,885</u>	<u>\$ 37,016,973</u>	<u>\$ 70,280,217</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds (Continued)**

**Year Ended June 30, 2007**

Net change in fund balances - total governmental funds.	\$ (11,627,627)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	(23,876)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.	15,987,752
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	236,053
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,377,263
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(12,547)
Internal service funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The net revenue of these activities are reported with governmental activities.	(89,918)
This amount represents the difference in funds contributed to the special separation allowance for law enforcement officers below the actuarially determined annual pension cost for the current year.	<u>(12,733)</u>
Change in net assets - governmental activities	<u>\$ 8,834,367</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund**

**Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 42,221,217	\$ 42,221,217	\$ 42,276,841	\$ 55,624
Local option sales tax	16,991,250	16,991,250	16,897,125	(94,125)
Franchise tax	4,784,350	4,784,350	5,314,491	530,141
Video programming tax	-	-	594,024	594,024
Rental vehicle tax	187,200	187,200	169,451	(17,749)
Unrestricted intergovernmental	1,210,000	1,210,000	1,282,168	72,168
Restricted intergovernmental	3,437,751	3,437,751	3,361,281	(76,470)
Licenses and permits	3,456,250	3,456,250	3,428,378	(27,872)
Sales and services	4,711,067	4,944,667	5,328,383	383,716
Fines and forfeits	85,000	85,000	102,744	17,744
Interest earnings	650,000	650,000	1,898,790	1,248,790
Miscellaneous	<u>258,600</u>	<u>318,176</u>	<u>345,638</u>	<u>27,462</u>
Total revenues	<u>77,992,685</u>	<u>78,285,861</u>	<u>80,999,314</u>	<u>2,713,453</u>
Expenditures:				
Current:				
General government:				
City Council and Clerk	356,241	356,241	356,263	(22)
City Manager	1,385,195	1,385,195	1,313,635	71,560
City Attorney	689,905	689,905	685,760	4,145
Human Resource Management	686,854	686,854	693,899	(7,045)
Finance	2,517,194	2,517,194	2,370,947	146,247
Information Technology Services	1,863,369	1,863,369	1,783,511	79,858
Development Services	3,504,894	3,507,894	3,274,656	233,238
Public Services	2,685,187	2,685,187	2,271,233	413,954
Contributions to other agencies	280,034	292,334	295,427	(3,093)
Nondepartmental	<u>3,930,908</u>	<u>3,887,108</u>	<u>2,616,660</u>	<u>1,270,448</u>
Total	<u>17,899,781</u>	<u>17,871,281</u>	<u>15,661,991</u>	<u>2,209,290</u>
Public safety:				
Police	20,894,020	21,168,696	20,922,635	246,061
Fire	<u>12,895,724</u>	<u>12,895,199</u>	<u>12,699,140</u>	<u>196,059</u>
Total	<u>33,789,744</u>	<u>34,063,895</u>	<u>33,621,775</u>	<u>442,120</u>
Transportation:				
Traffic engineering	3,885,522	3,829,063	3,474,059	355,004
Streets	2,115,337	2,115,337	1,768,270	347,067
Storm water management fee	<u>1,253,811</u>	<u>1,253,811</u>	<u>1,253,811</u>	<u>-</u>
Total	<u>7,254,670</u>	<u>7,198,211</u>	<u>6,496,140</u>	<u>702,071</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund (Continued)**

**Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Current: (continued)				
Economic and physical development:				
Economic and community development	\$ 2,174,183	\$ 2,174,183	\$ 2,065,630	\$ 108,553
Contributions to other agencies	<u>1,008,683</u>	<u>1,015,183</u>	<u>508,557</u>	<u>506,626</u>
Total	<u>3,182,866</u>	<u>3,189,366</u>	<u>2,574,187</u>	<u>615,179</u>
Cultural and recreational:				
Parks and recreation	5,159,718	5,167,520	4,917,349	250,171
Contributions to other agencies	<u>301,200</u>	<u>311,200</u>	<u>310,317</u>	<u>883</u>
Total	<u>5,460,918</u>	<u>5,478,720</u>	<u>5,227,666</u>	<u>251,054</u>
Transit system:				
Cape Fear Public Transportation Authority	<u>863,266</u>	<u>862,666</u>	<u>859,890</u>	<u>2,776</u>
Total expenditures	<u>68,451,245</u>	<u>68,664,139</u>	<u>64,441,649</u>	<u>4,222,490</u>
Excess of revenues over expenditures	<u>9,541,440</u>	<u>9,621,722</u>	<u>16,557,665</u>	<u>6,935,943</u>
Other financing sources (uses):				
Transfers to other funds	(13,357,571)	(13,435,372)	(13,376,861)	58,511
Appropriated fund balance	<u>3,816,131</u>	<u>3,813,650</u>	<u>-</u>	<u>(3,813,650)</u>
Total other financing uses	<u>(9,541,440)</u>	<u>(9,621,722)</u>	<u>(13,376,861)</u>	<u>(3,755,139)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,180,804	<u>\$ 3,180,804</u>
Fund balance at beginning of year			26,659,431	
Change in reserve for inventories			<u>(23,876)</u>	
Fund balance at end of year			<u>\$ 29,816,359</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds**

**June 30, 2007**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 39,213,159	\$ 1,985,088	\$ 2,311,745
Accounts receivable:			
Customers, net	5,480,389	995,112	81,162
Other receivables	519,224	17,715	20,756
Due from other funds	91,612	-	-
Due from other governments	5,227,866	265	535
Inventory of materials and supplies	<u>1,287,935</u>	<u>-</u>	<u>-</u>
Total current assets	<u>51,820,185</u>	<u>2,998,180</u>	<u>2,414,198</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	24,227,106	7,959	-
Other accounts receivable	<u>240,242</u>	<u>-</u>	<u>-</u>
Total restricted assets	<u>24,467,348</u>	<u>7,959</u>	<u>-</u>
Capital assets:			
Land	2,800,880	368,464	-
Improvements other than buildings	-	-	-
Buildings, plant and structures	88,132,950	2,738,955	-
Water and sewer lines	116,733,345	19,261,958	-
Furniture, fixtures, machinery and equipment	3,108,288	-	5,499
Construction in progress	39,456,874	-	-
Less accumulated depreciation	<u>(67,936,556)</u>	<u>(3,402,349)</u>	<u>(550)</u>
Total capital assets, net of accumulated depreciation	<u>182,295,781</u>	<u>18,967,028</u>	<u>4,949</u>
Other assets:			
Deferred charges, net	1,368,707	190,548	-
Water availability rights, net	<u>2,074,556</u>	<u>-</u>	<u>-</u>
Total other assets	<u>3,443,263</u>	<u>190,548</u>	<u>-</u>
Total noncurrent assets	<u>210,206,392</u>	<u>19,165,535</u>	<u>4,949</u>
Total assets	<u>262,026,577</u>	<u>22,163,715</u>	<u>2,419,147</u>

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 6,785,026	\$ 3,741,613	\$ 54,036,631	\$ 7,671,294
-	-	6,556,663	-
76,264	33,474	667,433	68,796
-	-	91,612	-
843,953	-	6,072,619	319
<u>49,363</u>	<u>5,918</u>	<u>1,343,216</u>	<u>102,313</u>
<u>7,754,606</u>	<u>3,781,005</u>	<u>68,768,174</u>	<u>7,842,722</u>
-	20,832	24,255,897	4,271,636
-	-	240,242	-
-	<u>20,832</u>	<u>24,496,139</u>	<u>4,271,636</u>
626,356	1,465,347	5,261,047	-
28,018,715	739,576	28,758,291	-
-	12,526,605	103,398,510	-
-	-	135,995,303	-
211,027	441,448	3,766,262	22,547,733
6,760,690	257,824	46,475,388	-
<u>(13,073,557)</u>	<u>(4,302,072)</u>	<u>(88,715,084)</u>	<u>(15,615,154)</u>
<u>22,543,231</u>	<u>11,128,728</u>	<u>234,939,717</u>	<u>6,932,579</u>
22,224	146,454	1,727,933	12,447
-	-	2,074,556	-
<u>22,224</u>	<u>146,454</u>	<u>3,802,489</u>	<u>12,447</u>
<u>22,565,455</u>	<u>11,296,014</u>	<u>263,238,345</u>	<u>11,216,662</u>
<u>30,320,061</u>	<u>15,077,019</u>	<u>332,006,519</u>	<u>19,059,384</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds (Continued)**

**June 30, 2007**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 892,273	\$ 10,372	\$ 152,632
Contracts and retainage	10,875,483	-	-
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	104,887	3,550	42,945
Interest	368,464	72,141	2,139
Current portion of long-term liabilities:			
Bonds payable	5,202,104	-	-
Installment obligations	-	755,000	-
Other long-term obligations	-	-	211,790
Accrued vacation and sick leave	654,665	13,937	185,791
Customer and escrow deposits	256,059	14,439	-
Unearned revenues	-	-	-
Total current liabilities	18,353,935	869,439	595,297
Noncurrent liabilities:			
Bonds payable	89,147,740	-	-
Installment obligations	-	17,341,514	-
Other long-term obligations	-	-	449,035
Total noncurrent portion of long-term liabilities	89,147,740	17,341,514	449,035
Accrued vacation and sick leave	116,621	11,115	9,852
Total noncurrent liabilities	89,264,361	17,352,629	458,887
Total liabilities	107,618,296	18,222,068	1,054,184
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	113,541,750	1,069,021	4,949
Restricted for:			
Capital projects	240,242	-	-
Water and sewer facility fees	4,363,969	-	-
Unrestricted	36,262,320	2,872,626	1,360,014
Net assets	\$ 154,408,281	\$ 3,941,647	\$ 1,364,963

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 32,376	\$ 36,245	\$ 1,123,898	\$ 219,592
1,602,118	198	12,477,799	-
-	3,885	3,885	-
26,766	6,561	184,709	8,874
42,678	35,408	520,830	24,613
428,522	-	5,630,626	-
70,000	401,431	1,226,431	-
-	185,200	396,990	1,997,464
150,722	31,042	1,036,157	58,668
119,105	-	389,603	-
5,866	46,868	52,734	-
<u>2,478,153</u>	<u>746,838</u>	<u>23,043,662</u>	<u>2,309,211</u>
2,678,262	-	91,826,002	-
1,307,260	8,086,465	26,735,239	-
-	191,551	640,586	5,837,273
<u>3,985,522</u>	<u>8,278,016</u>	<u>119,201,827</u>	<u>5,837,273</u>
40,340	1,111	179,039	22,946
<u>4,025,862</u>	<u>8,279,127</u>	<u>119,380,866</u>	<u>5,860,219</u>
<u>6,504,015</u>	<u>9,025,965</u>	<u>142,424,528</u>	<u>8,169,430</u>
18,081,411	2,431,367	135,128,498	3,381,925
1,636,667	-	1,876,909	-
-	-	4,363,969	-
<u>4,097,968</u>	<u>3,619,687</u>	<u>48,212,615</u>	<u>7,508,029</u>
<u>\$ 23,816,046</u>	<u>\$ 6,051,054</u>	<u>\$ 189,581,991</u>	<u>\$ 10,889,954</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Proprietary Funds**

**Year Ended June 30, 2007**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
Revenues:			
Charges for services	\$ 28,059,302	\$ 4,762,051	\$ 6,630,716
Other operating revenues	<u>1,761,199</u>	<u>62,610</u>	<u>-</u>
Total operating revenues	<u>29,820,501</u>	<u>4,824,661</u>	<u>6,630,716</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	8,058,107	281,638	3,046,763
Materials and fuels consumed	2,417,047	8,877	2,595,109
Services	1,126,071	119	743,659
Utilities	1,552,133	631	5,118
Water purchases	708,975	2,584,532	-
Depreciation	4,490,173	453,713	550
Amortization	162,575	11,208	-
Other operating expenses	<u>6,723,030</u>	<u>103,907</u>	<u>1,709,379</u>
Total operating expenses	<u>25,238,111</u>	<u>3,444,625</u>	<u>8,100,578</u>
Operating income (loss)	<u>4,582,390</u>	<u>1,380,036</u>	<u>(1,469,862)</u>
Nonoperating revenues (expenses):			
Investment earnings	4,058,189	156,886	137,153
Hurricane disaster assistance	90,412	-	-
Interest and other charges	(3,242,842)	(973,051)	(29,321)
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>905,759</u>	<u>(816,165)</u>	<u>107,832</u>
Income (loss) before capital contributions and transfers	5,488,149	563,871	(1,362,030)
Capital contributions	2,873,020	-	-
Transfers from other funds	<u>-</u>	<u>-</u>	<u>422,325</u>
Change in net assets	8,361,169	563,871	(939,705)
Net assets at beginning of year	<u>146,047,112</u>	<u>3,377,776</u>	<u>2,304,668</u>
Net assets at end of year	<u>\$ 154,408,281</u>	<u>\$ 3,941,647</u>	<u>\$ 1,364,963</u>

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 6,006,694	\$ 2,881,639	\$ 48,340,402	\$ 3,953,225
<u>67,072</u>	<u>1,536</u>	<u>1,892,417</u>	<u>89,631</u>
<u>6,073,766</u>	<u>2,883,175</u>	<u>50,232,819</u>	<u>4,042,856</u>
2,341,734	541,400	14,269,642	710,698
462,414	168,618	5,652,065	17,943
510,445	776,424	3,156,718	1,066,859
6,756	63,377	1,628,015	7,837
-	-	3,293,507	-
357,064	671,417	5,972,917	1,824,680
1,234	6,974	181,991	2,166
<u>891,202</u>	<u>288,973</u>	<u>9,716,491</u>	<u>876,346</u>
<u>4,570,849</u>	<u>2,517,183</u>	<u>43,871,346</u>	<u>4,506,529</u>
<u>1,502,917</u>	<u>365,992</u>	<u>6,361,473</u>	<u>(463,673)</u>
390,552	191,567	4,934,347	556,252
-	-	90,412	-
(75)	(400,173)	(4,645,462)	(244,439)
<u>3,940</u>	<u>-</u>	<u>3,940</u>	<u>61,942</u>
<u>394,417</u>	<u>(208,606)</u>	<u>383,237</u>	<u>373,755</u>
1,897,334	157,386	6,744,710	(89,918)
2,253,447	-	5,126,467	-
<u>-</u>	<u>200,000</u>	<u>622,325</u>	<u>-</u>
4,150,781	357,386	12,493,502	(89,918)
<u>19,665,265</u>	<u>5,693,668</u>	<u>177,088,489</u>	<u>10,979,872</u>
<u>\$ 23,816,046</u>	<u>\$ 6,051,054</u>	<u>\$ 189,581,991</u>	<u>\$ 10,889,954</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2007**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 26,311,509	\$ 4,684,896	\$ 6,611,785
Receipts from interfund services provided	2,584,532	-	-
Payments to suppliers	(11,944,863)	(113,078)	(4,413,791)
Payments to or on behalf of employees	(7,992,153)	(298,542)	(3,000,858)
Payments for interfund services used	(515,814)	(2,587,307)	(726,520)
Net cash provided (used in) by operating activities	<u>8,443,211</u>	<u>1,685,969</u>	<u>(1,529,384)</u>
Cash flows from noncapital and related financing activities:			
Transfers from other funds	-	-	422,325
Hurricane disaster assistance	89,828	-	-
Net cash provided by noncapital and related financing activities	<u>89,828</u>	<u>-</u>	<u>422,325</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(31,420,618)	-	(5,499)
Proceeds from other long-term obligations	-	-	-
Principal payments on bonds	(3,795,724)	-	-
Principal payments on installment obligations	-	(720,000)	-
Principal payments on other long-term obligations	-	-	(203,175)
Interest and other charges	(3,175,346)	(908,322)	(30,539)
Issuance costs on other long-term obligations	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital contributions	2,319,605	-	-
Net cash used in capital and related financing activities	<u>(36,072,083)</u>	<u>(1,628,322)</u>	<u>(239,213)</u>
Cash flows from investing activities:			
Investment earnings	4,166,776	154,760	140,956
Net increase (decrease) in cash and cash equivalents	<u>(23,372,268)</u>	<u>212,407</u>	<u>(1,205,316)</u>
Cash and cash equivalents at beginning of year	<u>86,812,533</u>	<u>1,780,640</u>	<u>3,517,061</u>
Cash and cash equivalents at end of year	<u>\$ 63,440,265</u>	<u>\$ 1,993,047</u>	<u>\$ 2,311,745</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 39,213,159	\$ 1,985,088	\$ 2,311,745
Restricted cash and cash equivalents	<u>24,227,106</u>	<u>7,959</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 63,440,265</u>	<u>\$ 1,993,047</u>	<u>\$ 2,311,745</u>

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 4,769,170	\$ 2,911,547	\$ 45,288,907	\$ 282,685
1,253,811	-	3,838,343	3,760,418
(1,425,611)	(1,275,816)	(19,173,159)	(2,095,521)
(2,329,367)	(537,888)	(14,158,808)	(704,713)
(425,207)	(10,907)	(4,265,755)	(3,425)
<u>1,842,796</u>	<u>1,086,936</u>	<u>11,529,528</u>	<u>1,239,444</u>
-	200,000	622,325	-
-	-	89,828	-
-	200,000	712,153	-
(5,250,333)	(17,400)	(36,693,850)	(3,850,243)
-	-	-	3,906,500
(428,522)	-	(4,224,246)	-
(75,000)	(406,431)	(1,201,431)	-
-	(179,060)	(382,235)	(2,749,763)
(75)	(403,046)	(4,517,328)	(239,795)
-	-	-	(6,380)
3,940	-	3,940	63,185
<u>1,514,163</u>	<u>-</u>	<u>3,833,768</u>	<u>-</u>
<u>(4,235,827)</u>	<u>(1,005,937)</u>	<u>(43,181,382)</u>	<u>(2,876,496)</u>
410,493	189,650	5,062,635	560,246
(1,982,538)	470,649	(25,877,066)	(1,076,806)
<u>8,767,564</u>	<u>3,291,796</u>	<u>104,169,594</u>	<u>13,019,736</u>
<u>\$ 6,785,026</u>	<u>\$ 3,762,445</u>	<u>\$ 78,292,528</u>	<u>\$ 11,942,930</u>
\$ 6,785,026	\$ 3,741,613	\$ 54,036,631	\$ 7,671,294
-	20,832	24,255,897	4,271,636
<u>\$ 6,785,026</u>	<u>\$ 3,762,445</u>	<u>\$ 78,292,528</u>	<u>\$ 11,942,930</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds (Continued)**

**Year Ended June 30, 2007**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 4,582,390	\$ 1,380,036	\$ (1,469,862)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,652,748	464,921	550
Changes in assets and liabilities:			
Accounts receivable	(459,755)	(140,371)	(18,931)
Due from other governments	(488,615)	(194)	-
Inventory of materials and supplies	(218,862)	-	-
Accounts payable and accrued liabilities	319,045	(6,667)	(67,014)
Accrued vacation and sick leave	32,350	(12,556)	25,873
Customer and escrow deposits	23,910	800	-
Deferred revenues	-	-	-
Net cash provided by (used in) operating activities	\$ 8,443,211	\$ 1,685,969	\$ (1,529,384)
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ 4,871,153	\$ -	\$ -
Capital contributions from developers	553,415	-	-
Capital contributions receivable	2,905,297	-	-

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 1,502,917	\$ 365,992	\$ 6,361,473	\$ (463,673)
358,298	678,391	6,154,908	1,826,846
(21,685)	623	(640,119)	-
-	-	(488,809)	247
8,329	2,131	(208,402)	11,957
16,861	9,566	271,791	(139,198)
7,176	2,484	55,327	3,265
-	-	24,710	-
(29,100)	27,749	(1,351)	-
<u>\$ 1,842,796</u>	<u>\$ 1,086,936</u>	<u>\$ 11,529,528</u>	<u>\$ 1,239,444</u>

\$ 1,456,104	\$ -	\$ 6,327,257	\$ -
-	-	553,415	-
820,480	-	3,725,777	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Plan Net Assets -  
Pension Trust Fund**

**June 30, 2007**

	<u>Law Enforcement Officers Pension Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents held in trust for pension benefits	\$ 877,279
Other receivables	<u>7,916</u>
Net assets	<u>\$ 885,195</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Changes in Plan Net Assets -  
Pension Trust Fund**

**Year Ended June 30, 2007**

	<u>Law Enforcement Officers Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 250,000
Investment earnings	<u>41,282</u>
Total additions	291,282
Deductions:	
Benefit payments	<u>185,602</u>
Change in net assets	105,680
Net assets at beginning of year	<u>779,515</u>
Net assets at end of year	<u><u>\$ 885,195</u></u>

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# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wilmington, North Carolina (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### A. REPORTING ENTITY

The City of Wilmington is a municipal corporation, incorporated in 1739, located in the southeastern corner of North Carolina with a population of 98,529. The City has a Council-Manager form of government with a seven-member council, which includes an elected mayor. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary government. One component unit has no financial transactions or account balances and, therefore, does not appear in the financial statements. Each blended and discretely presented component unit has a June 30 year-end.

#### BLENDING COMPONENT UNITS

##### **Cape Fear Utilities, Inc. and Quality Water Supplies, Inc.:**

Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., North Carolina nonprofit corporations, exist to provide and maintain a ground water utility system for citizens of Wilmington, North Carolina and the surrounding community. The City is the sole shareholder of each corporation and each of the corporations is governed by a board comprised of members of the City Council. The corporations have no other operations except for services provided to the City and are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The rates for user charges and the annual budget of the ground water utility system are approved by the City Council. Therefore the operations of these corporations are combined and reported as an enterprise fund. The corporations do not issue separate financial statements.

##### **Wilmington Future, Inc.:**

Wilmington Future, Inc. (the Corporation), a North Carolina nonprofit corporation, exists to issue tax-exempt obligations pursuant to the Internal Revenue Code of 1986, as amended. The Corporation is governed by a three-member Board of Directors and may, by Board action, dismiss members and appoint up to four additional members. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. REPORTING ENTITY (continued)

##### DISCRETELY PRESENTED COMPONENT UNIT

##### Cape Fear Public Transportation Authority

The Cape Fear Public Transportation Authority (Authority), operating as Wave Transit, is a public authority created in 2005 by a concurrent resolution of New Hanover County (County) and the City. The interlocal agreement adopted by the County and City provides for the operation of transportation facilities and transportation services throughout the City and up to 30 miles outside its corporate limits and effectively merged the transportation facilities and services provided by New Hanover County and the City. The interlocal agreement between the County and the City, with an initial effective term of two years beginning July 1, 2004, may be terminated upon six months written notice to the other party. Unless notice of termination is provided the agreement shall be automatically renewed for successive five year terms. The agreement is currently in effect through June 30, 2011.

The Authority is governed by an eleven member board. The Authority board shall consist of five members appointed by the County, five members appointed by the City and one member appointed jointly by the County and City from a human service agency served by public transportation services.

Each proposed annual budget shall be submitted to the County and City for approval by the County Commissioners and City Council. The County and City shall provide annual funding to the Authority as their budgets permit. Any debt necessary for the maintenance, improvement or expansion of the Authority shall be incurred by the County or City for the benefit of the Authority. The Authority shall establish and revise, from time-to-time, schedules of rates, fees and charges for the use of the services of the Authority. City management is committed to the continued operation of the Authority.

The Authority's complete financial statements for the year ended June 30, 2007 may be obtained at their administrative offices:

Cape Fear Public Transportation Authority  
1110 Castle Street  
Wilmington, N.C. 28401

#### B. BASIS OF PRESENTATION

**Government-wide Statements:** The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction and parks and recreation.

**Building Improvements Fund.** The Building Improvements Fund accounts for resources used for the acquisition, renovation and construction of major capital improvements, other than those financed by proprietary funds.

The City reports the following major proprietary funds:

**Water and Sewer Fund.** The Water and Sewer Fund accounts for the provision of water and sewer services by the City to all customers not covered by the Ground Water Utility Fund. The Water and Sewer Fund provides service to over 32,000 customers and is designed to be self-supporting.

**Ground Water Utility Fund.** The Ground Water Utility Fund accounts for the water services provided to the customers of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc. The Ground Water Utility Fund provides service to over 15,000 customers and is designed to be self-supporting.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION (continued)

**Solid Waste Management Fund.** This fund accounts for the provision of refuse collection and disposal services by the City.

**Storm Water Management Fund.** This fund accounts for storm water drainage services.

Additionally, the City reports the following fund types:

**Internal Service Funds.** The City's Internal Service Funds account for fleet management services and replacement of personal computers to other departments of the City on a cost reimbursement basis.

**Pension Trust Fund.** The City's Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

In accordance with North Carolina General Statutes, all funds of the City and the Authority are maintained during the year using the modified accrual basis of accounting.

**Government-wide and Proprietary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, New Hanover County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Wilmington. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in New Hanover County from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31<sup>st</sup> of each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the annual registration into the staggered, the initial 2006 registrations renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

#### D. BUDGETARY DATA

Budgets for the City and the Authority are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, enterprise funds, internal service funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for special revenue funds and capital projects funds, including the enterprise capital projects funds which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. BUDGETARY DATA (continued)

All amendments must be approved by City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY

##### DEPOSITS AND INVESTMENTS

All deposits of the City and of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

In accordance with State law, the City has invested in securities that are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

##### CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income; however, the City maintains separate investments of proceeds of bond issues and other financings. All cash and investment types, short-term and longer-term fixed income investments are essentially managed as demand deposits and are therefore considered to be cash and cash equivalents.

##### RESTRICTED ASSETS

Unexpended proceeds of the City's revenue bonds, certificates of participation and other long-term obligations are classified as restricted assets because their use is limited by bond covenants, bond indentures and other financing agreements to the purpose for which the debt was originally issued. Accrued interest related to restricted unexpended debt proceeds is also classified as restricted assets.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2006. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

##### ALLOWANCES FOR DOUBTFUL ACCOUNTS

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the aging of account balances.

##### INVENTORIES

Inventories are maintained for major items used by the governmental funds, proprietary funds and the Authority in their operations. They are stated at cost (first-in, first-out) in the governmental funds and at the lower of cost (first-in, first-out) or market in the proprietary funds. Disbursements for inventory-type items in the General Fund are considered to be expenditures at the time of purchase. Inventory of the General Fund is shown on the balance sheet with an offsetting contra account, "Reserved for inventories", in the fund balance of the General Fund.

##### CAPITAL ASSETS

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; furniture and equipment \$5,000; buildings and improvements, plant structures \$25,000; infrastructure and certain improvements other than buildings \$100,000. Infrastructure includes streets and drainage systems as well as water and sewer lines. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets and those acquired by annexation are recorded at their estimated fair value at the date of donation or effective date of annexation. GASB Statement 34, adopted by the City for the year ended June 30, 2003, provided a four year deferral for the retroactive reporting of all major general infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980. General infrastructure assets acquired prior to July 1, 2002 consist of streets and related right of way that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of Statement of Financial Accounting Standards No. 62, and other related pronouncements. During the year ended June 30, 2007, a total of \$1,249,935 was capitalized in the Water and Sewer Fund and \$222,813 was capitalized in the Storm Water Management Fund.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### CAPITAL ASSETS (continued)

The Authority's capital assets are defined as those with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset class</u>	<u>Estimated useful lives</u>	
Infrastructure (including streets, drainage systems and water and sewer lines)	50	years
Buildings, plant, structures and improvements	40	years
Improvements other than buildings	20	years
Parking facilities plant and structures	20	years
Vehicles	5	years
Furniture and equipment	5	years

The interlocal agreement between the County and City that provides for the operation of transportation facilities and providing of transportation services requires that title to all personal property, equipment, fixtures and real property owned by the County and City shall remain with the current owner. For financial reporting purposes, the asset values and related accumulated depreciation for assets owned by the County and City are recorded as assets of the Authority.

Property, plant and equipment are depreciated by the Authority using the straight-line method over the following estimated useful lives:

<u>Asset class</u>	<u>Estimated useful lives</u>	
Buildings and improvements	20	years
Buses	10	years
Other Vehicles	5 - 7	years
Furniture, fixtures, machinery and equipment	5 - 10	years

##### INTANGIBLE ASSETS

Intangible assets consist of water availability rights under an agreement the City entered into with a regional public authority. The agreement makes available to the City fifteen million gallons per day of raw water. The availability rights are being amortized over forty years, the life of the agreement.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The City has entered into an interest rate swap agreement to modify interest rates on outstanding debt in the Water and Sewer Fund. Other than the net interest expense resulting from the agreement, no amounts are recorded in the financial statements.

##### COMPENSATED ABSENCES

Under the City's current personnel ordinance, full-time employees accrue vacation days based on years of service and may accumulate up to twice their annual accrual level on December 31<sup>st</sup> of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment. Full time employees receive up to eleven paid holidays per year. If scheduled holidays can not be taken, employees may accumulate up to four days and be paid for any unused days upon request. Sick leave credits can be accumulated indefinitely and employees with five years continuous service shall be paid for 25% of their unused sick leave upon termination of employment. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

As more fully described in Note 4, the Authority contracts with First Transit, Inc. to provide management services, including the furnishing of employees to operate and maintain the equipment. As of June 30, 2007 the Authority recorded a liability of \$50,904 for unused vacation benefits for employees of First Transit, Inc. and the Authority. Although sick leave may accumulate to a maximum of seventy-five days for employees of First Transit, Inc. and ninety days for Authority employees, it does not vest. The Authority has no obligation for accumulated sick leave until it is actually taken, therefore, no accrual for sick leave has been made. First Transit, Inc. provides other benefits that are reimbursed by agreement.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2007**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **MEDICAL SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for group medical insurance. The City has contracted with Blue Cross and Blue Shield of North Carolina to administer the program. In addition, the City has a contract with Blue Cross and Blue Shield of North Carolina to provide for individual stop-loss and aggregate stop-loss charges and partial pooling of claims above a specified amount. The individual stop-loss and aggregate stop-loss provides a method by which the group limits claims charged to its account to 125% of expected claims. The partial pooling – specific loss pooling provides that during any one contract period the total accumulated claims expense paid for any one participant above \$150,000 will not be charged to the group during the remainder of that contract period for that participant. A provision of \$1,047,325 for estimated claims incurred but not reported as of June 30, 2007, is accrued in accordance with the guidelines of GASB Statement No. 10.

##### **WORKERS' COMPENSATION SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for workers' compensation insurance. The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer the program. The program provides that the City would be responsible for the first \$300,000 of cost and/or benefits payable to employees (other than public safety) resulting from any one accident or event, regardless of the number of persons injured. For public safety employees (police and fire) the City is responsible for the first \$500,000 of cost and/or benefits. Specific excess reinsurance would provide coverage above these dual limits (\$300,000/\$500,000) up to maximum limits provided under the North Carolina Workers' Compensation Act. In addition, aggregate excess reinsurance would provide protection against cumulative retained losses during the year, capping retained losses at \$3,000,000. A provision of \$481,591 for estimated claims incurred as of June 30, 2007, is accrued in accordance with the guidelines of GASB Statement No. 10.

##### **NET ASSETS/FUND BALANCES**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### NET ASSETS/FUND BALANCES (continued)

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

##### Reserved:

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for red light cameras – portion of fund balance that has been set-aside to fund the City's portion of the amount due to the New Hanover County Board of Education.

Reserved for loans - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of notes receivable, which are not expendable, available resources.

Reserved for firemen's relief - portion of fund balance that has been specifically set-aside to fund firemen's benefits.

Reserved for capital projects - represents the proceeds of debt obligations used to finance major capital improvements not yet completed and funds accumulated for future capital projects.

Reserved for debt service - represents amounts held for the future payment of general long-term debt principal and interest.

Reserved for Convention Center Facility - portion of fund balance representing proceeds from room occupancy tax specifically levied for construction of a convention center.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

**NET ASSETS/FUND BALANCES (continued)**

Unreserved:

The unreserved portion of fund balance is further detailed as either designated for a specific purpose or undesignated. Designated fund balance for specific purposes is as follows:

Subsequent year's expenditures	\$ 2,600,000
Self insurance	<u>750,000</u>
	<u>\$ 3,350,000</u>

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

**F. COMPARATIVE DATA**

Comparative data for the prior year has been presented in selected sections of the City's CAFR in order to provide an understanding of changes in the City's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the City's financial position and operations, or would cause the statements to be unduly complex or difficult to understand.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

The governmental funds balance sheet includes a reconciliation between total fund balances – governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One item of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of that item are as follows:

Bonds payable	\$ 10,819,973
Installment obligations	50,907,104
Unamortized issuance costs, premiums and similar items	1,054,568
Accrued interest payable	495,184
Other long-term obligations	5,081,000
Accrued vacation and sick leave	<u>4,671,138</u>
	<u>\$ 73,028,967</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets - governmental activities as reported in the government-wide statement of activities. One item of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” Another item of that reconciliation states that “this is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.”

The details of those items are as follows:

Capital outlay	\$ 20,358,593
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	1,830,225
The net book value of capital assets sold decreases net assets in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(652)
Depreciation expense	<u>(6,200,414)</u>
	<u>\$ 15,987,752</u>

Another item of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this item are as follows:

Accrued interest receivable	\$ 24,139
Tax and other receipts deferred in funds	<u>211,914</u>
	<u>\$ 236,053</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)**

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

The details of this item are as follows:

Debt issued:

Issuance of other long-term obligations	\$ (1,093,500)
Principal payments:	
Bonds payable	2,142,182
Installment obligations	1,593,569
Other long-term obligations	1,733,000
Amortization of issuance costs, premiums and similar items	<u>2,012</u>
	<u>\$ 4,377,263</u>

The reconciliation further states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this item are as follows:

Accrued vacation and sick leave	\$ (40,908)
Accrued interest payable	<u>28,361</u>
	<u>\$ (12,547)</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**FUND BALANCE DEFICITS IN INDIVIDUAL FUNDS**

The fund balance in the governmental fund types includes a deficit of \$469,939 in the Parks and Recreation Fund. The Parks and Recreation Fund is included in the Capital Projects Funds. The deficit in the Parks and Recreation Fund will be eliminated with future receipts from general obligation bonds issued by New Hanover County.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

All of the City's and the Authority's deposits are either insured or collateralized under the pooling method. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the Authority, these deposits are considered to be held by each unit's agent in the unit's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits.

Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the units or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the units under the pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the Authority have no policy regarding custodial credit risk for deposits and investments.

At June 30, 2007, the City's deposits had a carrying amount of \$23,913,893 and a bank balance of \$25,449,376. Of the bank balance, \$200,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2007, was \$16,320.

At June 30, 2007, the Authority's deposits had a carrying amount of \$146,128 and a bank balance of \$153,705. Of the bank balance, \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2007, was \$4,016.

At June 30, 2007, the City's investments were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Treasuries	\$ 20,244,771	0.41
U.S. Government Agencies *	88,397,886	0.80
North Carolina Capital Management Trust-Cash Portfolio	<u>17,020,231</u>	N/A
Total fair value	<u>\$ 125,662,888</u>	
Portfolio weighted average maturity		0.56

\* Included in U.S. Government Agencies are callable securities. For weighted average maturity, it is assumed that these securities will be held to maturity.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**DEPOSITS AND INVESTMENTS (continued)**

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the weighted average maturity of the City's investment portfolio to no more than 12 months. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

**Credit Risk**

The City has no formal policy on managing credit risk. As of June 30, 2007, the City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

**Concentration of Credit Risk**

The City's investment policy limits the amount that the City may invest in any one issuer to 25% of the City's total investments. More than 5 percent of the City's investments are in the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank securities. These investments are 18.3%, 22.2%, 21.5% and 8.4%, respectively, of the City's total investments.

At June 30, 2007, the Authority had \$811,146 invested with the NCCMTs Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's. The Authority has no policy for managing interest rate risk or credit risk.

**RECEIVABLES**

Receivables at the government-wide level at June 30, 2007, were as follows:

	Taxes	Accounts	Other Governments	Notes	Other	Total
Governmental activities:						
General	\$ 1,853,105	\$ 338,798	\$ 7,545,424	\$ 326,270	\$ 183,639	\$ 10,247,236
Building Improvements	-	-	44,369	-	27,257	71,626
Other governmental	-	-	1,326,580	11,856,152	664,692	13,847,424
Total receivables	1,853,105	338,798	8,916,373	12,182,422	875,588	24,166,286
Allowance for doubtful accounts	(448,854)	-	-	-	-	(448,854)
Total governmental activities	<u>\$ 1,404,251</u>	<u>\$ 338,798</u>	<u>\$ 8,916,373</u>	<u>\$ 12,182,422</u>	<u>\$ 875,588</u>	<u>\$ 23,717,432</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**RECEIVABLES (continued)**

Business-type activities:	Other					
	Taxes	Accounts	Governments	Notes	Other	Total
Water and Sewer	\$ -	\$ 6,275,243	\$ 5,227,866	\$ -	\$ 759,466	\$ 12,262,575
Ground Water Utility	-	1,073,100	265	-	17,715	1,091,080
Solid Waste Management	-	293,715	535	-	20,756	315,006
Storm Water Management	-	-	843,953	-	76,264	920,217
Other enterprise	-	-	-	-	33,474	33,474
Total receivables	-	7,642,058	6,072,619	-	907,675	14,622,352
Allowance for doubtful accounts	-	(1,085,395)	-	-	-	(1,085,395)
Total business-type activities	\$ -	\$ 6,556,663	\$ 6,072,619	\$ -	\$ 907,675	\$ 13,536,957

The amount due from other governments consists of the following:

Governmental activities:

Local government sales and use taxes	\$ 4,326,150
Utility Franchise Tax	1,276,831
Refund of sales and use tax paid	988,421
New Hanover County	804,337
Other grants and reimbursements	<u>1,520,634</u>
	<u>\$ 8,916,373</u>

Business-type activities:

Refund of sales and use tax paid	\$ 860,661
New Hanover County	4,364,604
Other grants and reimbursements	<u>847,354</u>
	<u>\$ 6,072,619</u>

The amount due from other governments for the Authority consists of the following:

Operating grants	\$ 126,037
Capital grants and contributions	95,579
Local government sales and use taxes	51,846
Governmental contracted services	98,269
Operating subsidy from other government	<u>5,280</u>
	<u>\$ 377,011</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS

GASB Statement 34 was adopted by the City for the year ended June 30, 2003. In accordance with that pronouncement, general infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980 through June 30, 2002 have been reflected below to restate the governmental activities as of June 30, 2006.

	June 30, 2006	GASB 34 <sup>(1)</sup> Infrastructure	June 30, 2006 As restated
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 13,220,906	\$ 27,866,357	\$ 41,087,263
Construction in progress	<u>19,590,237</u>	<u>-</u>	<u>19,590,237</u>
Total capital assets not being depreciated	<u>32,811,143</u>	<u>27,866,357</u>	<u>60,677,500</u>
Capital assets being depreciated:			
Improvements other than buildings	14,431,941	-	14,431,941
Buildings, plant and structures	50,749,822	-	50,749,822
Furniture, fixtures, machinery and equipment	31,056,556	-	31,056,556
Streets and drainage	<u>10,641,104</u>	<u>138,797,318</u>	<u>149,438,422</u>
Total capital assets being depreciated	<u>106,879,423</u>	<u>138,797,318</u>	<u>245,676,741</u>
Less accumulated depreciation for:			
Improvements other than buildings	3,428,350	-	3,428,350
Buildings, plant and structures	11,567,594	-	11,567,594
Furniture, fixtures, machinery and equipment	23,783,093	-	23,783,093
Streets and drainage	<u>478,657</u>	<u>36,758,970</u>	<u>37,237,627</u>
Total accumulated depreciation	<u>39,257,694</u>	<u>36,758,970</u>	<u>76,016,664</u>
Total capital assets being depreciated, net	<u>67,621,729</u>	<u>102,038,348</u>	<u>169,660,077</u>
Governmental activities capital assets, net	<u>\$ 100,432,872</u>	<u>\$ 129,904,705</u>	<u>\$ 230,337,577</u>

(1) Reflects implementation of GASB Statement 34, general infrastructure assets acquired prior to July 1, 2002.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**CAPITAL ASSETS (continued)**

Capital asset activity for the primary government for the year ended June 30, 2007, was as follows:

	July 1, 2006 As restated	Increases	Decreases	Transfers	June 30, 2007
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 41,087,263	\$ 4,797,935	\$ -	\$ -	\$ 45,885,198
Construction in progress	<u>19,590,237</u>	<u>4,750,083</u>	<u>-</u>	<u>(18,285,417)</u>	<u>6,054,903</u>
Total capital assets not being depreciated	<u>60,677,500</u>	<u>\$ 9,548,018</u>	<u>\$ -</u>	<u>\$ (18,285,417)</u>	<u>51,940,101</u>
Capital assets being depreciated:					
Improvements other than buildings	14,431,941	\$ 1,970,102	\$ -	\$ 452	16,402,495
Buildings, plant and structures	50,749,822	6,379,338	-	18,195,373	75,324,533
Furniture, fixtures, machinery and equipment	31,056,556	6,947,554	(936,284)	88,589	37,156,415
Streets and drainage	<u>149,438,422</u>	<u>1,194,049</u>	<u>-</u>	<u>1,003</u>	<u>150,633,474</u>
Total capital assets being depreciated	<u>245,676,741</u>	<u>\$ 16,491,043</u>	<u>\$ (936,284)</u>	<u>\$ 18,285,417</u>	<u>279,516,917</u>
Less accumulated depreciation for:					
Improvements other than buildings	3,428,350	\$ 749,331	\$ -	\$ -	4,177,681
Buildings, plant and structures	11,567,594	1,528,852	-	-	13,096,446
Furniture, fixtures, machinery and equipment	23,783,093	2,838,356	(934,389)	-	25,687,060
Streets and drainage	<u>37,237,627</u>	<u>2,908,555</u>	<u>-</u>	<u>-</u>	<u>40,146,182</u>
Total accumulated depreciation	<u>76,016,664</u>	<u>\$ 8,025,094</u>	<u>\$ (934,389)</u>	<u>\$ -</u>	<u>83,107,369</u>
Total capital assets being depreciated, net	<u>169,660,077</u>				<u>196,409,548</u>
Governmental activities capital assets, net	<u>\$ 230,337,577</u>				<u>\$ 248,349,649</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 1,273,438
Public safety	1,166,606
Transportation	2,962,615
Economic and physical development	3,535
Cultural and recreational	794,220
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,824,680</u>
	<u>\$ 8,025,094</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**CAPITAL ASSETS (continued)**

Capital asset activity for the business-type activities for the year ended June 30, 2007, was as follows:

	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2007</u>
Business-type activities:					
Water and sewer:					
Capital assets not being depreciated:					
Land	\$ 2,201,907	\$ 598,973	\$ -	\$ -	\$ 2,800,880
Construction in progress	<u>11,957,801</u>	<u>27,499,073</u>	<u>-</u>	<u>-</u>	<u>39,456,874</u>
Total capital assets not being depreciated	<u>14,159,708</u>	<u>\$ 28,098,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>42,257,754</u>
Capital assets being depreciated:					
Buildings, plant and structures	87,621,037	\$ 511,913	\$ -	\$ -	88,132,950
Water and sewer lines	111,875,862	4,857,483	-	-	116,733,345
Furniture, fixtures, machinery and equipment	<u>2,667,928</u>	<u>472,447</u>	<u>(32,087)</u>	<u>-</u>	<u>3,108,288</u>
Total capital assets being depreciated	<u>202,164,827</u>	<u>\$ 5,841,843</u>	<u>\$ (32,087)</u>	<u>\$ -</u>	<u>207,974,583</u>
Less accumulated depreciation for:					
Buildings, plant and structures	28,556,265	\$ 2,151,985	\$ -	\$ -	30,708,250
Water and sewer lines	32,610,841	2,191,662	-	-	34,802,503
Furniture, fixtures, machinery and equipment	<u>2,311,364</u>	<u>146,526</u>	<u>(32,087)</u>	<u>-</u>	<u>2,425,803</u>
Total accumulated depreciation	<u>63,478,470</u>	<u>\$ 4,490,173</u>	<u>\$ (32,087)</u>	<u>\$ -</u>	<u>67,936,556</u>
Total capital assets being depreciated, net	<u>138,686,357</u>				<u>140,038,027</u>
Water and sewer capital assets, net	<u>152,846,065</u>				<u>182,295,781</u>
Ground water:					
Capital assets not being depreciated:					
Land	<u>368,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>368,464</u>
Capital assets being depreciated:					
Buildings, plant and structures	2,738,955	\$ -	\$ -	\$ -	2,738,955
Water and sewer lines	<u>19,261,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,261,958</u>
Total capital assets being depreciated	<u>22,000,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,000,913</u>
Less accumulated depreciation for:					
Buildings, plant and structures	445,080	\$ 68,474	\$ -	\$ -	513,554
Water and sewer lines	<u>2,503,556</u>	<u>385,239</u>	<u>-</u>	<u>-</u>	<u>2,888,795</u>
Total accumulated depreciation	<u>2,948,636</u>	<u>\$ 453,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,402,349</u>
Total capital assets being depreciated, net	<u>19,052,277</u>				<u>18,598,564</u>
Ground water capital assets, net	<u>19,420,741</u>				<u>18,967,028</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**CAPITAL ASSETS (continued)**

	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2007</u>
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ -	\$ 5,499	\$ -	\$ -	\$ 5,499
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	-	\$ 550	\$ -	\$ -	550
Solid waste capital assets, net	-				4,949
Storm water:					
Capital assets not being depreciated:					
Land	400,783	\$ 225,573	\$ -	\$ -	626,356
Construction in progress	2,506,590	4,944,768	-	(690,668)	6,760,690
Total capital assets not being depreciated	2,907,373	\$ 5,170,341	\$ -	\$ (690,668)	7,387,046
Capital assets being depreciated:					
Improvements other than buildings	25,837,602	\$ 1,490,445	\$ -	\$ 690,668	28,018,715
Furniture, fixtures, machinery and equipment	183,488	37,352	(9,813)	-	211,027
Total capital assets being depreciated	26,021,090	\$ 1,527,797	\$ (9,813)	\$ 690,668	28,229,742
Less accumulated depreciation for:					
Improvements other than buildings	12,593,148	\$ 332,130	\$ -	\$ -	12,925,278
Furniture, fixtures, machinery and equipment	133,159	24,933	(9,813)	-	148,279
Total accumulated depreciation	12,726,307	\$ 357,063	\$ (9,813)	\$ -	13,073,557
Total capital assets being depreciated, net	13,294,783				15,156,185
Storm water capital assets, net	16,202,156				22,543,231
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	-	9,500	-	-	9,500
Total capital assets not being depreciated	109,393	\$ 9,500	\$ -	\$ -	118,893

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**CAPITAL ASSETS (continued)**

	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2007</u>
Golf: (continued)					
Capital assets being depreciated:					
Improvements other than buildings	\$ 739,576	\$ -	\$ -	\$ -	\$ 739,576
Buildings, plant and structures	290,903	-	-	-	290,903
Furniture, fixtures, machinery and equipment	<u>354,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,137</u>
Total capital assets being depreciated	<u>1,384,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,384,616</u>
Less accumulated depreciation for:					
Improvements other than buildings	441,273	\$ 36,979	\$ -	\$ -	478,252
Buildings, plant and structures	143,484	5,273	-	-	148,757
Furniture, fixtures, machinery and equipment	<u>338,056</u>	<u>9,470</u>	<u>-</u>	<u>-</u>	<u>347,526</u>
Total accumulated depreciation	<u>922,813</u>	<u>\$ 51,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>974,535</u>
Total capital assets being depreciated, net	<u>461,803</u>				<u>410,081</u>
Golf capital assets, net	<u>571,196</u>				<u>528,974</u>
Parking facilities:					
Capital assets not being depreciated:					
Land	1,355,954	\$ -	\$ -	\$ -	1,355,954
Construction in progress	<u>240,424</u>	<u>7,900</u>	<u>-</u>	<u>-</u>	<u>248,324</u>
Total capital assets not being depreciated	<u>1,596,378</u>	<u>\$ 7,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,604,278</u>
Capital assets being depreciated:					
Buildings, plant and structures	12,235,702	\$ -	\$ -	\$ -	12,235,702
Furniture, fixtures, machinery and equipment	<u>87,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,311</u>
Total capital assets being depreciated	<u>12,323,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,323,013</u>
Less accumulated depreciation for:					
Buildings, plant and structures	2,637,972	\$ 611,785	\$ -	\$ -	3,249,757
Furniture, fixtures, machinery and equipment	<u>69,870</u>	<u>7,910</u>	<u>-</u>	<u>-</u>	<u>77,780</u>
Total accumulated depreciation	<u>2,707,842</u>	<u>\$ 619,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,327,537</u>
Total capital assets being depreciated, net	<u>9,615,171</u>				<u>8,995,476</u>
Parking facilities capital assets, net	<u>11,211,549</u>				<u>10,599,754</u>
Business-type activities capital assets, net	<u>\$ 200,251,707</u>				<u>\$ 234,939,717</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. ASSETS (continued)**

**CAPITAL ASSETS (continued)**

**COMMITMENTS FOR CAPITAL PROJECTS**

At June 30, 2007, the City has commitments for active projects as follows:

	<u>Spent to date</u>	<u>Remaining commitment</u>
Governmental funds:		
Capital projects	<u>\$ 7,429,780</u>	<u>\$ 5,122,297</u>
Enterprise funds:		
Water and Sewer capital projects	\$ 50,064,718	\$ 29,371,979
Storm Water capital projects	<u>5,166,206</u>	<u>1,128,675</u>
Total enterprise funds	<u>\$ 55,230,924</u>	<u>\$ 30,500,654</u>

**DISCRETELY PRESENTED COMPONENT UNIT**

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2007, is as follows:

	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$ 26,070	\$ 612,923	\$ -	\$ 638,993
Construction in progress	<u>169,232</u>	<u>3,600</u>	<u>169,232</u>	<u>3,600</u>
Total capital assets not being depreciated	<u>195,302</u>	<u>\$ 616,523</u>	<u>\$ 169,232</u>	<u>642,593</u>
Capital assets being depreciated:				
Buildings and improvements	539,547	\$ -	\$ -	539,547
Furniture, fixtures, machinery and equipment	<u>8,407,417</u>	<u>631,283</u>	<u>23,413</u>	<u>9,015,287</u>
Total capital assets being depreciated	<u>8,946,964</u>	<u>\$ 631,283</u>	<u>\$ 23,413</u>	<u>9,554,834</u>
Less accumulated depreciation for:				
Buildings and improvements	434,797	\$ 20,225	\$ -	455,022
Furniture, fixtures, machinery and equipment	<u>3,175,216</u>	<u>878,485</u>	<u>5,296</u>	<u>4,048,405</u>
Total accumulated depreciation	<u>3,610,013</u>	<u>\$ 898,710</u>	<u>\$ 5,296</u>	<u>4,503,427</u>
Total capital assets being depreciated, net	<u>5,336,951</u>			<u>5,051,407</u>
Authority capital assets, net	<u>\$ 5,532,253</u>			<u>\$ 5,694,000</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES

##### PENSION PLAN OBLIGATIONS

###### 1. Local Governmental Employees' Retirement System

*Plan Description.* The City of Wilmington and the Authority contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City and the Authority are required to contribute at an actuarially determined rate. For the City and the Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.78%, respectively, of annual covered payroll. The contribution requirements of members, the City and the Authority are established and may be amended by the North Carolina General Assembly.

Contributions by the City and Authority to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$2,176,189, \$2,021,023 and \$1,986,374, respectively. The contributions made by the City and the Authority equaled the required contributions for each year.

###### 2. Law Enforcement Officers' Special Separation Allowance

###### a. *Plan Description.*

The City of Wilmington administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is included in the City's financial statements as a pension trust fund. The Separation Allowance does not issue separate financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**PENSION PLAN OBLIGATIONS (continued)**

**2. Law Enforcement Officers' Special Separation Allowance (continued)**

a. *Plan Description. (continued)*

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	14
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>270</u>
Total	<u><u>284</u></u>

b. *Summary of Significant Accounting Policies:*

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Methods used to Value Investments.* Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market are reported at estimated fair value.

c. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$250,000 or 2.23% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2005 was 25 years.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**PENSION PLAN OBLIGATIONS (continued)**

**2. Law Enforcement Officers' Special Separation Allowance (continued)**

*c. Contributions. (continued)*

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation (asset) in regards to the Separation Allowance for the current year are as follows:

Annual required contribution	\$ 266,626
Interest on net pension obligation	(20,730)
Adjustment to annual required contribution	<u>16,837</u>
Annual pension cost	262,733
Contributions made	<u>(250,000)</u>
Change in net pension obligation (asset)	12,733
Net pension obligation (asset) beginning of year	<u>(285,927)</u>
Net pension obligation (asset) end of year	<u>\$ (273,194)</u>

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed Contributed	Net Pension Obligation (Asset)
June 30, 2005	\$ 274,252	91.39 %	\$ (316,292)
June 30, 2006	280,365	89.17	(285,927)
June 30, 2007	262,733	95.15	(273,194)

**3. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. For the year ended June 30, 2007 the City's required contribution was \$561,596 for the law enforcement officers.

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed below. The City's contribution is 4.5% of covered payroll and contributions are made to the plan selected by the employee. The City Council established the contribution and can amend or discontinue it at any time. Employees can also make voluntary contributions to these plans.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN OBLIGATIONS (continued)

#### 3. Supplemental Retirement Income Plan for Law Enforcement Officers (continued)

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$1,188,264 for the year ended June 30, 2007. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2007, were \$817,214. The Authority has elected to contribute on behalf of all employees full matching of employee contribution up to 4.5% of eligible compensation. Authority contributions on behalf of the employees were \$6,839 for the year ended June 30, 2007.

#### 4. Firemen's Pension Fund

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Wilmington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

#### DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers' Association Retirement Corporation. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2007, were \$236,435 that was matched by the City.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### DEFERRED COMPENSATION PLAN (continued)

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,364,623 for the year ended June 30, 2007. This amount included the 3% contribution and matching contributions for fire fighters as well as the 4.5% employer contribution available to all employees. Employee contributions to the plan, excluding the fire fighter's matched deferral, included in salary expense for the year ended June 30, 2007, were \$385,255.

##### OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City of Wilmington has elected to provide post-employment health care benefits to retirees of the City, provided they participated in the North Carolina Local Government Employees' Retirement System (System) and have at least five years of creditable service with the City. The City shares the cost of coverage for these benefits with the retiree by paying claims under its medical self-insurance program and charging participants a co-payment amount. Expenditures for post-employment health care benefits are recognized as retirees report claims and include a provision for actual claims and claims not yet reported. Currently, 127 retirees participate in the post-retirement health benefits. The City's expenditures totaled \$1,010,439 for the year ended June 30, 2007, net of \$166,755 received from participants.

##### OTHER EMPLOYMENT BENEFIT

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefits are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2007, the City made contributions to the State for death benefits of \$15,725. The City's contribution for law enforcement officers represented .14% of covered payroll. The City is not required to contribute for employees not engaged in law enforcement. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, which pledge the full faith, credit, and taxing power of the City, have been issued for both governmental and business-type activities. General obligation bonds issued for governmental activity purposes are serviced by the Debt Service Fund. Those bonds reported in the business-type activities are expected to be repaid from revenues of the proprietary funds. Principal and interest requirements are provided by appropriation in the year in which they become due. At June 30, 2007, the City had general obligation bonds authorized but unissued of \$14,000,000.

General obligation bonds outstanding at June 30, 2007 are comprised of the following issues:

	Governmental activities	Business-type activities
<p>\$11,500,000 Public Improvements and Parks and Recreational Facilities Bonds, Series 1997A; principal installments due annually on April 1 in 5 installments of \$500,000, 6 of \$800,000, 4 of \$1,000,000 and one of \$200,000 through April 1, 2014; semiannual interest payments due April 1 and October 1 from 4.50 to 5.00 percent; \$5,340,000 of this issue is attributable to streets and parks and recreation facilities and \$6,160,000 is attributable to the storm water drainage system.</p> <p style="margin-left: 40px;">Serviced by Debt Service Fund</p> <p style="margin-left: 40px;">Serviced by Storm Water Management Fund</p>	<p>\$ 2,693,220</p> <p style="margin-left: 40px;">-</p>	<p>\$ -</p> <p style="margin-left: 40px;">3,106,784</p>
<p>\$10,400,000 Refunding Bonds, Series 1997B; principal installments due annually on April 1 in installments ranging from \$355,000 to \$1,420,000 through April 1, 2010; semiannual interest payments due April 1 and October 1 from 4.00 to 5.00 percent; \$3,774,202 of this issue refunded Street Improvement Bonds and \$6,625,798 refunded Water and Sewer Bonds.</p> <p style="margin-left: 40px;">Serviced by Debt Service Fund</p> <p style="margin-left: 40px;">Serviced by Water and Sewer Fund</p>	<p>1,081,454</p> <p style="margin-left: 40px;">-</p>	<p>-</p> <p style="margin-left: 40px;">1,898,542</p>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**General Obligation Bonds (continued)**

	<u>Governmental</u> activities	<u>Business-type</u> activities
<p>\$3,400,000 Public Improvements Bonds, Series 2000 issued for streets, sidewalks, and municipal buildings; principal installments due annually on February 1 in 12 installments of \$125,000, 4 of \$400,000 and one of \$300,000 through February 1, 2018; semiannual interest payments due February 1 and August 1 from 5.00 to 5.25 percent.</p> <p>Serviced by Debt Service Fund</p>	\$ 2,650,000	\$ -
<p>\$28,825,000 Synthetic Refunding Bonds, Series 2002 issued to refund General Obligation Water Bonds; principal installments due annually on February 1 in varying amounts from \$780,000 to \$3,065,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.</p> <p>Serviced by Water and Sewer Fund</p>	-	21,680,000
<p>\$3,580,000 Public Improvements Bonds, Series 2003A issued for streets and sidewalks; principal installments due annually on March 1 in 2 installments of \$260,000 and 12 of \$255,000 through March 1, 2018; semiannual interest payments due March 1 and September 1 from 3.00 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	2,805,000	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**General Obligation Bonds (continued)**

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$9,000,000 Refunding Bonds, Series 2003B; principal installments due annually on March 1 in varying amounts from \$850,000 to \$2,295,000 through March 1, 2009; semiannual interest payments due March 1 and September 1 from 2.00 to 2.75 percent; \$6,657,065 of this issue refunded General Obligation Refunding Bonds for streets, sidewalks, drainage, and municipal buildings and is serviced by the Debt Service Fund; \$2,342,935 of this issue refunded General Obligation Refunding Bonds for water and sewer improvements.</p>		
Serviced by Debt Service Fund	\$ 1,590,299	\$ -
Serviced by Water and Sewer Fund	<u>-</u>	<u>559,701</u>
	<u>\$ 10,819,973</u>	<u>\$ 27,245,027</u>
<p>General Obligation Bonds Serviced By:</p>		
Debt Service Fund	\$ 10,819,973	\$ -
Storm Water Management Fund	-	3,106,784
Water and Sewer Fund	<u>-</u>	<u>24,138,243</u>
	<u>\$ 10,819,973</u>	<u>\$ 27,245,027</u>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2007 are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,228,378	\$ 456,565	\$ 3,481,622	\$ 1,088,046
2009	1,637,863	375,769	3,697,137	945,590
2010	1,152,816	314,052	4,142,184	797,533
2011	844,349	262,440	3,560,651	627,815
2012	844,349	225,322	3,520,651	485,630
2013-2017	3,557,218	597,447	8,842,782	640,649
2018	<u>555,000</u>	<u>25,631</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,819,973</u>	<u>\$ 2,257,226</u>	<u>\$ 27,245,027</u>	<u>\$ 4,585,263</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Revenue Bonds**

The City has issued revenue bonds, all tax exempt, for improvements to the water and sewer system. Net revenues of the Water and Sewer Fund (a business-type activity) are pledged as security for the revenue bonds. Principal and interest requirements are provided by appropriation in the year in which they become due.

Revenue bonds outstanding at June 30, 2007 are comprised of the following individual issues:

	<u>Business-type activities</u>
\$15,615,000 Water and Sewer Revenue Bonds, Series 1999 issued for water and sewer system improvements; principal installments due annually on June 1 in varying amounts of \$515,000 to \$780,000 through June 1, 2010; semiannual interest payments due June 1 and December 1 at fixed rates from 4.80 to 5.10 percent; \$9,235,000 of this issue was refunded in conjunction with the issue of Water and Sewer Bonds, Series 2005.	\$ 2,235,000
\$6,508,316 Refunding Water and Sewer Revenue Bonds, Series 2003 issued to refund Water and Sewer Revenue Bonds the proceeds of which were used for water and sewer system improvements; principal installments due semiannually on June 1 and December 1 in varying amounts from \$151,774 to \$261,107 plus interest through December 1, 2018; interest at a fixed rate of 3.65 percent.	4,957,690
\$62,400,000 Water and Sewer Revenue and Refunding Revenue Bonds, Series 2005 issued for a wastewater plant expansion, other water and sewer system improvements and to refund \$9,235,000 of Water and Sewer Revenues bonds the proceeds of which were used for like improvements; principal installments due semiannually on June 1 in varying amounts of \$30,000 to \$3,400,000 plus interest through June 1, 2034; interest at fixed rates from 3.00 to 5.00 percent.	<u>62,165,000</u>
Serviced by Water and Sewer Fund	<u>\$ 69,357,690</u>

Certain covenants are contained in the revenue bond orders, among the most restrictive of which provides that the City maintain a long-term debt service coverage ratio, as defined, of not less than 1.20. The City was in compliance with the covenants during the fiscal year ended June 30, 2007.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Revenue Bonds (continued)**

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2008	\$ 2,149,004	\$ 3,248,318
2009	2,232,043	3,165,873
2010	2,320,562	3,078,704
2011	2,409,579	2,984,307
2012	2,504,113	2,899,248
2013-2017	14,213,010	12,768,407
2018-2022	11,824,379	9,417,706
2023-2027	11,025,000	6,825,435
2028-2032	14,040,000	3,820,720
2033-2034	6,640,000	502,000
	<u>\$ 69,357,690</u>	<u>\$ 48,710,718</u>

**Installment Obligations**

Certificates of Participation, all tax-exempt, have been issued for purchase of real property, construction of public facilities, construction of new parking facilities and the acquisition of two private water systems. Principal and interest requirements are provided by appropriation in the year in which they become due.

Certificates of Participation outstanding at June 30, 2007 are comprised of the following individual issues:

	Governmental activities	Business-type activities
\$10,320,000 Certificates of Participation, Series 1997 issued for acquisition of the City Municipal Center and construction of a fire headquarters facility; principal installments due annually on November 1 in installments ranging from \$325,000 to \$480,000 through November 1, 2007; semiannual interest payments due May 1 and November 1 at fixed rates from 3.90 to 4.85 percent; \$6,360,000 of this issue was refunded with the issue of Certificates of Participation, Series 2005A.		
Serviced by Debt Service Fund	\$ 480,000	\$ -

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$23,000,000 Certificates of Participation, Series 1999A issued for acquisition of two private water systems; principal installments due annually on June 1 in installments ranging from \$450,000 to \$740,000 through June 1, 2009; semiannual interest payments due June 1 and December 1 at fixed rates from 3.50 to 4.95 percent; \$16,965,000 of this issue was refunded with the issue of Certificates of Participation, Series 2006A.</p> <p>Serviced by Ground Water Fund</p>	<p>\$ -</p>	<p>\$ 1,445,000</p>
<p>\$4,425,000 Certificates of Participation, Series 1999B issued for acquisition of the Operations Center site and construction of two fire station facilities; principal installments due annually on June 1 in installments ranging from \$195,000 to \$315,000 through June 1, 2009; semiannual interest payments due June 1 and December 1 at fixed rates from 3.50 to 4.90 percent; \$1,835,000 of this issue was refunded with the issue of Certificates of Participation, Series 2005A.</p> <p>Serviced by Debt Service Fund</p>	<p>615,000</p>	<p>-</p>
<p>\$13,470,000 Certificates of Participation, Series 2003A issued for construction of the Operations Center, construction of a parking facility, and improvements to the City's riverwalk; principal installments due annually on June 1 in installments ranging from \$215,000 to \$620,000 through June 1, 2028; semiannual interest payments due June 1 and December 1 at fixed rates from 2.00 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p> <p>Serviced by Parking Facility Fund</p>	<p>3,382,104</p> <p>-</p>	<p>-</p> <p>8,487,896</p>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$11,810,000 Certificates of Participation, Series 2004 issued for construction of the second phase of the Operations Center and construction of a fire station facility; principal installments due annually on September 1 in installments ranging from \$250,000 to \$560,000 through September 1, 2029; semiannual interest payments due March 1 and September 1 at fixed rates from 2.25 to 5.25 percent.</p> <p>Serviced by Debt Service Fund</p>	<p>\$ 11,310,000</p>	<p>\$ -</p>
<p>\$37,020,000 Certificates of Participation, Series 2005A issued for construction of the Police Headquarters, construction of the third phase of the Operations Center, improvements to the storm water system, and to refund \$6,360,000 of outstanding Series 1997 and \$1,835,000 of outstanding Series 1999B Certificates of Participation; principal installments due annually on June 1 in installments ranging from \$125,000 to \$2,190,000 through June 1, 2032; semiannual interest payments due June 1 and December 1 at fixed rates from 3.00 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p> <p>Serviced by Storm Water Management Fund</p>	<p>35,120,000</p> <p>-</p>	<p>-</p> <p>1,320,000</p>
<p>\$17,235,000 Certificates of Participation, Series 2006A issued to refund \$16,965,000 of outstanding Series 1999A Certificates of Participation; principal installments due annually on June 1 in installments ranging from \$50,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at fixed rates from 3.75 to 5.00 percent.</p> <p>Serviced by Ground Water Fund</p>	<p>-</p> <p><u>\$ 50,907,104</u></p>	<p><u>17,185,000</u></p> <p><u>\$ 28,437,896</u></p>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

	<u>Governmental activities</u>	<u>Business-type activities</u>
Certificates of Participation Serviced By:		
Debt Service Fund	\$ 50,907,104	\$ -
Ground Water Fund	-	18,630,000
Storm Water Management Fund	-	1,320,000
Nonmajor Parking Facility Fund	-	8,487,896
	<u>\$ 50,907,104</u>	<u>\$ 28,437,896</u>

Annual debt service requirements to maturity for Certificates of Participation are as follows:

Year Ending <u>June 30</u>	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,673,569	\$ 2,371,745	\$ 1,226,431	\$ 1,297,018
2009	1,708,569	2,319,230	1,271,431	1,246,851
2010	1,788,569	2,257,945	1,301,431	1,189,803
2011	1,858,569	2,199,670	1,331,431	1,140,390
2012	1,933,569	2,132,058	1,361,431	1,087,565
2013-2017	13,187,845	9,026,630	7,467,155	4,510,528
2018-2022	10,932,845	5,983,627	8,832,155	2,596,051
2023-2027	9,553,569	3,400,740	5,246,431	595,120
2028-2032	8,270,000	1,111,335	400,000	19,000
	<u>\$ 50,907,104</u>	<u>\$ 30,802,980</u>	<u>\$ 28,437,896</u>	<u>\$ 13,682,326</u>

**Defeased Debt**

The City has defeased certain Certificates of Participation and revenue bonds by placing the proceeds in irrevocable trusts to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased certificates and defeased bonds are not included in the City's financial statements. At June 30, 2007, \$25,160,000 of outstanding certificates and \$9,235,000 of outstanding revenue bonds are considered defeased.

**Other Long-Term Obligations**

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. Principal and interest requirements are provided by appropriation in the year in which they become due.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Other Long-Term Obligations (continued)**

Other long-term obligations outstanding at June 30, 2007 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$5,500,000 parks &amp; recreation installment purchase agreement executed in December 2001 for improvements to the Legion Stadium Sports Complex; installments due semiannually on June 15 and December 15 of \$137,500 plus interest through December 15, 2021; interest at 3.94 percent.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	\$ 3,987,500	\$ -
<p>\$1,068,174 parking facility installment purchase agreement executed in March 1994 for acquisition of a parking facility; agreement refinanced in June 2003; installments due semiannually on March 2 and September 2 of \$98,224 including interest through March 2, 2009; interest at 3.40 percent.</p> <p style="padding-left: 40px;">Serviced by Parking Facility Fund</p>	-	376,751
<p>\$6,000,000 installment purchase agreement executed in May 2006 for various equipment replacements; installments due monthly of \$135,251 including interest through June, 2010; interest at 3.88 percent.</p> <p style="padding-left: 40px;">Serviced by Equipment Replacement Fund</p> <p style="padding-left: 40px;">Serviced by Solid Waste Fund</p>	3,928,237 -	- 660,825
<p>\$5,000,000 installment purchase agreement executed in June 2007 for various equipment replacements and to refinance a \$2,250,000 outstanding variable rate installment purchase agreement; installments due monthly of \$92,719 including interest through May, 2012; interest at 3.66 percent.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p> <p style="padding-left: 40px;">Serviced by Equipment Replacement Fund</p>	1,093,500 3,906,500 <u>7,915,737</u>	- - <u>1,037,576</u>
	\$ 12,915,737	\$ 1,037,576

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Other Long-Term Obligations (continued)**

	Governmental activities	Business-type activities
Other Long-Term Obligations Serviced By:		
Debt Service Fund	\$ 5,081,000	\$ -
Equipment Replacement Fund	7,834,737	-
Solid Waste Fund	-	660,825
Nonmajor Parking Facility Fund	-	376,751
	\$ 12,915,737	\$ 1,037,576

Annual debt service requirements to maturity for other long-term obligations are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 2,479,544	\$ 452,221	\$ 396,990	\$ 33,174
2009	2,564,482	356,022	411,716	18,448
2010	2,652,695	256,973	228,870	4,844
2011	1,330,005	179,525	-	-
2012	1,276,511	129,764	-	-
2013-2017	1,375,000	392,984	-	-
2018-2022	1,237,500	121,990	-	-
	\$ 12,915,737	\$ 1,889,479	\$ 1,037,576	\$ 56,466

**Interest Rate Swap Agreement**

**Objective of the interest rate swap.** As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in February 2002; the City entered into an interest rate swap in connection with its \$28,825,000 Variable Rate General Obligation Refunding Bonds, Series 2002. The intention of the swap agreement was to effectively change the City's interest rate on the bonds to a synthetic fixed rate of 3.815%.

**Terms.** The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$21,680,000 matches the face amount of the variable-rate bonds. The swap was entered into at the same time the bonds were issued (February 2002). The notional value of the swap declines with the principal amount of the associated debt. Under the swap the City pays the counterparty a fixed payment of 3.815% and receives a variable payment computed at 67% of the LIBOR. Conversely, the bonds' variable-rate coupons are based on the actual float rate coupons marketed weekly.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### LONG-TERM LIABILITIES (continued)

##### Interest Rate Swap Agreement (continued)

**Fair value.** Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$136,900 as of June 30, 2007. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the City's variable-rate bonds are adjusted every seven days to changing interest rates, the bonds do not have a corresponding fair value increase. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

**Credit risk.** As of June 30, 2007 the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa1 by Moody's Investors Service (Moody's), AA by Standard and Poor's (S&P) and AA+ by Fitch Ratings (Fitch). To mitigate the potential for credit risk, if the counterparty's credit quality falls to A1 by Moody's or A+ by either S&P or Fitch and their exposure exceeds \$5,000,000 the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third party custodian.

**Basis risk.** The swap exposes the City to basis risk should the relationship between LIBOR and the average rate paid on the floating rate coupon converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 3.815% and the synthetic rate as of June 30, 2007 of 4.01%. As of June 30, 2007, the rate on the City's Bonds was 3.76% whereas 67% of LIBOR was 3.564%.

**Termination risk.** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty's credit rating falls below Baa1 (Moody's) or BBB+ (S&P and Fitch) by at least two of the rating agencies. The swap may be terminated by the City with 30 days notice and the counterparty can only terminate the swap if the City falls below BBB- with any of the three major rating services. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Interest Rate Swap Agreement (continued)**

**Swap payments and associated debt.** Using rates as of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2008	\$ 1,810,000	\$ 815,168	\$ 54,417	\$ 2,679,585
2009	2,595,000	747,112	49,874	3,391,986
2010	3,065,000	649,540	43,360	3,757,900
2011	3,025,000	534,296	35,668	3,594,964
2012	2,985,000	420,556	28,075	3,433,631
2013-2015	8,200,000	594,456	39,683	8,834,139
	<u>\$ 21,680,000</u>	<u>\$ 3,761,128</u>	<u>\$ 251,077</u>	<u>\$ 25,692,205</u>

**Other long-term liabilities disclosures**

State statutes provide for a legal debt limit of 8% of the City's assessed value of taxable property. The City's legal debt limit as of June 30, 2007 amounts to \$735,724,123.

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 12,962,155	\$ -	\$ 2,142,182	\$ 10,819,973	\$ 2,228,378
Less deferred amounts:					
On refunding	(368,907)	-	(75,490)	(293,417)	-
Plus deferred amounts:					
For issuance premium	2,338,415	-	126,015	2,212,400	-
Installment obligations	52,500,673	-	1,593,569	50,907,104	1,673,569
Other long-term obligations	12,398,500	5,000,000	4,482,763	12,915,737	2,479,544
Compensated absences	4,708,579	3,745,505	3,701,332	4,752,752	3,735,883
Governmental activity long-term liabilities	<u>\$ 84,539,415</u>	<u>\$ 8,745,505</u>	<u>\$ 11,970,371</u>	<u>\$ 81,314,549</u>	<u>\$ 10,117,374</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Changes in long-term liabilities (continued)**

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 30,422,845	\$ -	\$ 3,177,818	\$ 27,245,027	\$ 3,481,622
Revenue bonds	70,404,118	-	1,046,428	69,357,690	2,149,004
Installment obligations	29,639,327	-	1,201,431	28,437,896	1,226,431
Less deferred amounts:					
For issuance discount	(9,623)	-	(2,406)	(7,217)	-
On refunding	(3,433,523)	-	(322,664)	(3,110,859)	-
Plus deferred amounts:					
For issuance premium	3,669,432	-	173,671	3,495,761	-
Other long-term obligations	1,419,811	-	382,235	1,037,576	396,990
Compensated absences	1,159,870	1,093,773	1,038,447	1,215,196	1,036,157
Business-type activity long-term liabilities	<u>\$ 133,272,257</u>	<u>\$ 1,093,773</u>	<u>\$ 6,694,960</u>	<u>\$ 127,671,070</u>	<u>\$ 8,290,204</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end \$81,614 of internal service funds compensated absences and \$7,834,737 of internal service funds other long-term obligations are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

**COMMITMENTS AND CONTINGENCIES**

The City entered into a thirty-year ground lease commencing September 1, 2001 with the intention of building a parking facility on the site. The lease can be terminated after five years. Annual lease payments for the first five years are \$100,000 with an increase of 12.5% for each additional five-year period. For the fiscal year ending June 30, 2007, the City paid \$110,417 on the lease agreement.

The City leases office facilities from the County under an operating lease with a current expiration date of August, 2008. The annual cost of the lease is approximately \$144,000 per year.

The City leases golf carts under an operating lease with an annual cost of approximately \$40,000. The lease expires in December 2008.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES (continued)

A contractor subject to an agreement that will expire on November 30, 2008 manages the City's Second Street and Market Street parking decks. During the year ended June 30, 2007 the City paid \$168,125 for administration. The City also has an agreement, with the same contractor, for administration of a parking lot. For the year ended June 30, 2007 the City paid \$22,168 for the administration of the parking lot. The City also contracted for the enforcement, maintenance and administration of on street parking under a three-year contract at rates ranging from \$32,596 to \$33,536 per month during the term of the agreement. During the year ended June 30, 2007 the City paid \$361,360 for these services.

As part of the agreement for the acquisition of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., the City has agreed to hold harmless the former shareholders against any and all claims in connection with the City's failure to comply with the terms of the purchase agreement. The agreement requires that the entire purchase price paid by the City be funded from non-recourse obligations issued under North Carolina General Statute §160A-20, which shall be secured only by the assets and/or revenues of the companies. The taxing power of the City is not and may not be pledged to secure any part of the purchase debt. The structure of the debt is designed to reasonably ensure that all debt service will be fully funded in a timely manner through the companies' revenue and the City does not expect to provide any additional funding for operation and maintenance of the water system outside of that generated by the companies.

Pursuant to a management agreement effective July 1, 2005 through June 30, 2008, the Authority retains First Transit, Inc. to provide management and operational services for the public transportation system. The agreement provides that First Transit, Inc. shall employ, furnish and supervise certain personnel necessary for the management and operation of the public transportation system. In addition, the agreement provides for assistance with certain other managerial functions required for the day-to-day operations of the Authority. For the year ended June 30, 2007, the Authority paid management fees totaling \$179,920. Future commitments under the agreement provide for management fees of \$187,117 for the year ending June 30, 2008.

The agreement provides that the Authority will reimburse First Transit, Inc. for all operating expenses incurred in the management and operation of the public transit system. As of June 30, 2007, the Authority incurred expenses under the contract totaling \$5,128,909, of which \$943,684 is included in current liabilities at year-end.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES (continued)

The City of Wilmington and the New Hanover County Water and Sewer District have entered into an interlocal cost sharing agreement for the upgrade and expansion of the City's northside wastewater treatment plant. A contract for construction in the amount of \$68,522,000 was awarded in October 2005. The total project including engineering services, construction, and a construction contingency are estimated at \$81,744,717. The District agreed to pay \$45,830,856 or approximately 56.1% of the total cost. The City agreed to pay the remaining portion, totaling \$35,913,861 or 43.9% of the total cost. The District made an irrevocable deposit in an escrow fund for their portion of the cost. The trustee for the escrow fund pays the City 56.1% of the expenditures incurred for the project. The City is liable for any costs that exceed the project budget and are entitled to any District funds remaining in escrow upon completion of the project. When completed, the plant will be jointly owned by the City and the District. As of June 30, 2007 the City had incurred approximately \$29,259,421 of their share of the costs of the project.

The City entered into an incentive agreement in March 2004 with Cellco Partnership to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for seven years commencing in the year following occupancy of the facility. In addition the City has agreed to provide up to \$500,000 for public infrastructure improvements required for the construction of the facility. The public infrastructure when completed will be dedicated for public maintenance and use. As of June 30, 2007 a total of \$196,093 had been paid to date for the public infrastructure improvements. The Company is required to have a direct investment in the facility of at least \$20 million and to provide 1,000 full time jobs by October 15<sup>th</sup> of the year following occupancy of the facility. The facility was approved for occupancy on July 20, 2004 and the company complied with the job creation requirement. As of June 30, 2007 the City has made the first two payments to Cellco.

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for five years commencing in the sixth year following occupancy of the facility. In addition the City agreed to provide up to \$4,000,000 in public infrastructure improvements in a designated redevelopment area that includes the Company's new facility. The improvements must be completed by December 31, 2008. As of June 30, 2007 no funds had been paid or requested for public infrastructure improvements. The Company is required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15<sup>th</sup> of the sixth year after occupancy. In the seventh through tenth years following occupancy a total of 1000 additional jobs must be provided.

The City entered into an incentive agreement in November 2005 with Guilford Mills, Inc. to provide payments to the company in exchange for the company's commitment to relocate its corporate headquarters to the City. The City's obligation under the agreement is \$66,667 per year for three years. The company is required to have 15 full-time employees at the Wilmington facility by October of the year following occupancy of their facility. The company is required to have 40 employees by the third year of the agreement. The first payment of \$66,667 was made as of June 30, 2007.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2007

### NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in June 2007 through Wilmington Industrial Development, Inc for the location by General Electric of additional manufacturing facilities at the site of the Global Nuclear/GE Aircraft Industrial Plant in New Hanover County which will provide additional employment opportunities in New Hanover County and benefit the City of Wilmington and its residents. The City has agreed to contribute \$50,000 per year for five years for a total of \$250,000. General Electric is required to hire 200 new employees and invest a minimum of \$41 million in facility construction.

The City, New Hanover County (County) and Cape Fear Community College (College) entered into an interlocal agreement to construct a \$10 million centralized public safety facility (facility) dedicated to the training of public and private emergency response personnel. The City and County will each contribute 35% of the cost of the facility or \$3.5 million each and the College will provide the land estimated at 30% of the project cost or \$3.0 million. The annual maintenance and operating costs will be covered by funds appropriated by the County as part of the usual community college budgeting process and revenue generated by the facility. The County and City will share the cost of any annual facility operating deficits equally.

##### Jointly Governed Organizations

The City, in conjunction with Bladen County, New Hanover County, Columbus County, Pender County and Brunswick County is a member of the Lower Cape Fear Water and Sewer Authority. The Water and Sewer Authority was formed to provide raw water to counties, municipalities and industrial customers in southeastern North Carolina. The Water and Sewer Authority is governed by a thirteen member Board appointed by the participating entities with the City represented by two members. The Water and Sewer Authority is not considered to be a joint venture under generally accepted accounting principles since the counties and municipalities do not retain an ongoing financial interest (i.e., an equity interest in either assets or liabilities) or responsibility. During the year ended June 30, 2007 the City purchased \$708,975 in raw water from the Water and Sewer Authority.

The City, in conjunction with Brunswick, Columbus and Pender Counties and the municipalities therein established the Cape Fear Council of Governments (Council). The Council was established for various purposes, but mainly to coordinate funding for federal and state assistance. Each participating government appoints a minimum of one member to the Council's board. The City paid fees of \$17,349 to the Council during the fiscal year ended June 30, 2007.

##### Related Organization

The nine-member Board of the Wilmington Housing Authority is appointed by the Mayor of the City of Wilmington. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Wilmington is also disclosed as a related organization in the Notes to Financial Statements for the Wilmington Housing Authority.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**C. INTERFUND BALANCES AND ACTIVITY**

The compositions of interfund balances as of June 30, 2007, are as follows:

	<u>Building Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>	<u>Component Unit</u>
Receivable Fund	\$ 67,987	\$ 591,551	\$ 91,612	\$ 751,150	\$ 112,697
Payable Fund					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 51,284
Nonmajor Governmental Funds	-	524,799	91,612	616,411	61,413
Component Unit	<u>67,987</u>	<u>66,752</u>	<u>-</u>	<u>134,739</u>	<u>-</u>
Total	<u>\$ 67,987</u>	<u>\$ 591,551</u>	<u>\$ 91,612</u>	<u>\$ 751,150</u>	<u>\$ 112,697</u>

Component unit reconciliation to the statement of net assets:

Component unit payable	\$ 134,739
Component unit receivable	<u>112,697</u>
Due to primary government	<u>\$ 22,042</u>

The outstanding balances are from time lags between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers:

	<u>Building Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Solid Waste Management Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Transfers in	\$ 1,493,000	\$ 12,733,412	\$ 422,325	\$ 200,000	\$ 14,848,737
Transfers out:					
General Fund	\$ 1,493,000	\$ 11,261,536	\$ 422,325	\$ 200,000	\$ 13,376,861
Nonmajor Governmental Funds	-	<u>1,471,876</u>	-	-	<u>1,471,876</u>
Total	<u>\$ 1,493,000</u>	<u>\$ 12,733,412</u>	<u>\$ 422,325</u>	<u>\$ 200,000</u>	<u>\$ 14,848,737</u>

The City uses transfers to 1) move revenues from the fund in which state statute or budget requires the revenues to be collected to the fund from which state statute or budget requires the funds to be expended, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)**

**D. PRIOR PERIOD ADJUSTMENT**

GASB Statement 34 was adopted by the City for the year ended June 30, 2003. The statement provided a four year deferral for the retroactive reporting of all major general infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980. It has been the City’s policy for many years to capitalize and depreciate infrastructure activity for business type activities; however, historical cost data for governmental infrastructure assets acquired prior to July 1, 2002 needed to be determined and included in these financial statements.

The City has maintained records of the historical costs of constructed general infrastructure assets and the estimated fair values of donated general infrastructure assets, however, cost data for certain annexed streets and related right of way were still required. To capture the needed costs, the City engineering staff identified the streets encompassed by the annexations and related post annexation acceptances, determined their lengths and widths and calculated the number of square feet of streets. An average cost per square foot was then developed based on current actual bid prices for similar public works projects and deflated back to the year of acquisition using the Consumer Price Index. To capture the costs of the related right of way, an average current fair value per acre in the annexation areas was determined and then deflated back to estimated fair value at the date of acquisition.

The valuation process determined the carrying value of infrastructure assets for governmental type activities acquired prior to July 1, 2002 to be \$129,904,705 net of \$36,758,970 of accumulated depreciation and has been reflected below to restate the Governmental Activities as of June 30, 2006.

In accordance with GASB Statement No. 34, general infrastructure assets acquired prior to July 1, 2002 have been reflected below to restate the Governmental Activities as of June 30, 2006.

	June 30, 2006 As previously stated	GASB 34 Infrastructure	June 30, 2006 As restated
<b>ASSETS:</b>			
Current and other assets	\$ 105,637,514	\$ -	\$ 105,637,514
Capital assets, net	<u>100,432,872</u>	<u>129,904,705</u>	<u>230,337,577</u>
Total assets	<u>206,070,386</u>	<u>129,904,705</u>	<u>335,975,091</u>
<b>LIABILITIES:</b>			
Long-term liabilities	84,539,415	-	84,539,415
Current and other liabilities	<u>8,115,503</u>	<u>-</u>	<u>8,115,503</u>
Total liabilities	<u>92,654,918</u>	<u>-</u>	<u>92,654,918</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	41,210,966	129,904,705	171,115,671
Restricted	14,850,785	-	14,850,785
Unrestricted	<u>57,353,717</u>	<u>-</u>	<u>57,353,717</u>
Net assets	<u>\$ 113,415,468</u>	<u>\$ 129,904,705</u>	<u>\$ 243,320,173</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2007**

**NOTE 5 - DEFERRED/UNEARNED REVENUES**

The balance in deferred revenues in the governmental fund statements and related unearned revenues in the government-wide statement of net assets at June 30, 2007 is summarized as follows:

	Governmental Funds			Net Assets
	General Fund	Special Revenue Funds	Total	
Taxes receivable, net	\$ 1,404,251	\$ -	\$ 1,404,251	\$ -
Notes and accounts receivable	457,118	71,088	528,206	8,543
Special assessments receivable	38,088	-	38,088	-
Customer advances	-	127	127	127
	\$ 1,899,457	\$ 71,215	\$ 1,970,672	\$ 8,670

The Authority's unearned revenue results from intergovernmental capital grant match funds received prior to expenditure.

**NOTE 6 - RISK MANAGEMENT**

The City and the Authority are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan and workers' compensation coverage. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. Premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2007, such interfund premiums did not exceed reimbursable expenditures.

The Authority participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$1.4 million for any one occurrence, general, auto, and employment practices liability coverage of \$3 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The Authority carries flood insurance through the North Carolina Association of County Commissioners. The pools are audited annually by certified public accountants and the audited financial statements are available to the Authority upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for public liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 6 - RISK MANAGEMENT (continued)**

The City carries flood insurance on water and sewer operations including buildings, contents, and equipment with a blanket limit of \$5,000,000 and a 3% deductible on the total insurable value of the location(s) involved in the occurrence, subject to a \$250,000 minimum, on all properties not located within a 100 year flood zone. Any water and sewer property located within a 100 year flood zone carries a limit of protection in the amount of \$500,000, subject to a \$250,000 deductible. All other City property carries no flood insurance as of June 30, 2007. With the exception of the City's Riverwalk, none of these properties are located within a 100 year flood zone. Subsequent to year-end, effective October 1, 2007, the City acquired flood insurance on those properties other than those used in water and sewer operations with a limit of protection in the amount of \$5,000,000 and subject to a \$100,000 deductible.

The finance officer of the City is individually bonded for \$500,000 and the Authority's finance director is individually bonded for \$250,000. The tax collector, collection officer, and the billing and collection manager are individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000,000.

The City and the Authority carry commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	2006	2007
<b>Medical Self-Insurance Program:</b>		
Unpaid claims, beginning	\$ 706,906	\$ 834,299
Incurred claims (including IBNRs)	7,384,031	7,869,543
Claim payments	(7,256,638)	(7,656,517)
Unpaid claims, ending, due within one year	\$ 834,299	\$ 1,047,325
<b>Workers' Compensation Self-Insurance Program:</b>		
Unpaid claims, beginning	\$ 203,187	\$ 361,952
Incurred claims (including IBNRs)	728,366	513,338
Claim payments	(569,601)	(393,699)
Unpaid claims, ending, due within one year	\$ 361,952	\$ 481,591

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2007**

### **NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

#### **A. LITIGATION**

The City is a party to a number of civil lawsuits and other legal actions, including a number of actions where the City's defense is being handled by the City's insurance carrier and any potential losses should be limited to the insurance policies' deductibles. There are also several claims for damages that have not yet resulted in litigation. In the opinion of the City attorney and management, the ultimate outcome of these claims is not expected to have a significant impact on the City's financial position.

Various accident and damage claims are pending against the Authority incidental to its operations. The Authority's insurance coverage provides for a \$5,000 deductible per occurrence. Based on an analysis of individual pending claims in accordance with Statement of Financial Accounting Standards No. 5, the Authority believes any liability as of June 30, 2007 to be immaterial.

#### **B. FEDERAL AND STATE ASSISTANCE PROGRAMS**

The City and the Authority have received proceeds from federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial.

Also, under the terms of federal and State assistance programs, capital assets acquired partially or entirely with federal or State funds have asset disposition restrictions which provide for the disposition of assets or proceeds from an approved sale in accordance with federal or State regulations.

#### **C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM**

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Remedial action, including monitoring for pollutants, is continuing at some sites as of June 30, 2007. In the opinion of the City attorney, any future actions required to be taken at these sites should not result in costs, which, in the aggregate, would have a material adverse effect on the City's financial statements.

#### **D. RED-LIGHT CAMERA PROCEEDS**

The New Hanover County Board of Education (Board) demanded that the City pay to the Board the proceeds from civil citations issued for red-light violations at camera controlled intersections since May, 2002. The claim was based on a law suit against the City of High Point that was affirmed on appeal. At June 30, 2007, the City has recorded a liability in the Special Purpose Fund in the amount of \$3,621,153 for proceeds collected since May, 2002.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2007**

### **NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)**

#### **E. ROOM OCCUPANCY TAXES**

A 3% room occupancy tax was levied by the City of Wilmington in February 2003 pursuant to state enabling legislation. The funds may be used only for the construction and operation of a convention center facility. In May 2005, in accordance with the legislation, the New Hanover County Tourism Development Authority determined that the City had met the initial requirements for release of the tax revenue. A secondary requirement of the legislation is that a convention facility must be under construction by the beginning of July 2008. If this has not occurred, the City is obligated to return any unspent or uncommitted funds received. For the year ending June 30, 2007, the City recognized \$1,904,973 in tax revenue as result of the tax levy with a total of \$7,215,292 collected since the levy was enacted.

#### **NOTE 8 – SUBSEQUENT EVENTS**

On July 2, 2007, articles of incorporation for the Cape Fear Public Utility Authority were filed with the State of North Carolina. It is the intent of the City, New Hanover County and the New Hanover County Water and Sewer District to consolidate their water and sewer operations in a separate authority. The effect on the City's financial statements would be to transfer all assets, liabilities and activity from the Water and Sewer Fund included in these financial statements to this new authority. The transfer is expected to occur on or after July 1, 2008.

Storm Water Fee Revenue and Revenue Refunding Bonds in amount of \$14,035,000 were issued in October 2007 to finance the cost of capital improvements to the City's storm water system and to refund \$3,130,000 of the outstanding principal amount of the City's General Obligation Public Improvement Bonds, Series 1997A, maturing on April 1, 2008 through and including April 1, 2014. The interest rates on the bonds ranges from 4.25% to 5% with the final maturity on June 1, 2033. Debt service payments are scheduled semiannually at amounts that range from \$140,000 to \$725,000. The City received ratings for the bonds of A1 from Moody's and AA from Standard & Poor's.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-97	\$ 616,174	\$ 1,354,681	\$ 738,507	45.48 %	\$5,538,613	13.33 %
12-31-98	531,500	1,518,641	987,141	35.00	6,221,505	15.87
12-31-99	510,000	1,595,807	1,085,807	31.96	7,613,564	14.26
12-31-00	430,005	2,181,126	1,751,121	19.71	8,282,301	21.14
12-31-01	470,152	2,312,294	1,842,142	20.33	8,728,050	21.11
12-31-02	515,998	2,171,141	1,655,143	23.77	8,755,071	18.90
12-31-03	548,103	2,581,657	2,033,554	21.23	9,471,632	21.47
12-31-04	550,848	2,622,109	2,071,261	21.01	9,267,628	22.35
12-31-05	609,627	2,612,495	2,002,868	23.34	9,838,179	20.36
12-31-06	695,700	2,820,805	2,125,105	24.66	11,201,563	18.97

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1998	\$ 112,623	157.2 %
1999	124,699	69.4
2000	153,384	78.2
2001	175,293	114.1
2002	231,190	97.5
2003	247,189	91.2
2004	239,035	99.6
2005	279,828	89.6
2006	285,130	87.7
2007	266,626	93.8

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	None

**COMBINING & INDIVIDUAL  
FUND STATEMENTS TAB (FRONT)**

**COMBINING & INDIVIDUAL  
FUND STATEMENTS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

**June 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,787,630	\$ 8,873,097	\$ 6,514,678	\$ 28,175,405
Other receivables	205,776	39,188	43,604	288,568
Due from other funds	141,251	383,548	-	524,799
Due from component unit	66,752	-	-	66,752
Due from other governments	1,207,413	118,848	-	1,326,261
Notes receivable	<u>11,856,152</u>	<u>-</u>	<u>-</u>	<u>11,856,152</u>
Total assets	<u>\$ 26,264,974</u>	<u>\$ 9,414,681</u>	<u>\$ 6,558,282</u>	<u>\$ 42,237,937</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,844,909	\$ 366,188	\$ 1,811	\$ 4,212,908
Due to other funds	141,251	475,160	-	616,411
Due to component unit	-	61,413	-	61,413
Accrued liabilities	760	-	-	760
Customer and escrow deposits	258,257	-	-	258,257
Deferred revenues	<u>71,215</u>	<u>-</u>	<u>-</u>	<u>71,215</u>
Total liabilities	<u>4,316,392</u>	<u>902,761</u>	<u>1,811</u>	<u>5,220,964</u>
Fund balances:				
Reserved for encumbrances	330,353	2,403,216	-	2,733,569
Reserved by State statute	1,485,620	541,585	43,604	2,070,809
Reserved for loans	13,810,908	-	-	13,810,908
Reserved for firemen's relief	140,464	-	-	140,464
Reserved for capital projects	-	7,577,756	-	7,577,756
Reserved for debt service	-	-	6,512,867	6,512,867
Reserved for convention center facility	7,215,292	-	-	7,215,292
Unreserved and undesignated (deficit)	<u>(1,034,055)</u>	<u>(2,010,637)</u>	<u>-</u>	<u>(3,044,692)</u>
Total fund balances	<u>21,948,582</u>	<u>8,511,920</u>	<u>6,556,471</u>	<u>37,016,973</u>
Total liabilities and fund balances	<u>\$ 26,264,974</u>	<u>\$ 9,414,681</u>	<u>\$ 6,558,282</u>	<u>\$ 42,237,937</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Special Revenue Funds**

**June 30, 2007**

	Special Purpose Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 10,437,375	\$ -	\$ -	\$ 448,207	\$ -	\$ -
Other receivables	70,204	-	-	3,016	-	-
Due from other funds	141,251	-	-	-	-	-
Due from component unit	66,752	-	-	-	-	-
Due from other governments	1,016,971	126,728	63,714	-	-	-
Notes receivable	-	-	-	94,094	712,526	36,770
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 11,732,553</u>	<u>\$ 126,728</u>	<u>\$ 63,714</u>	<u>\$ 545,317</u>	<u>\$ 712,526</u>	<u>\$ 36,770</u>
<b>LIABILITIES</b>						
<b>AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 3,734,456	\$ 29,191	\$ 20,000	\$ -	\$ -	\$ -
Due to other funds	-	97,537	43,714	-	-	-
Accrued liabilities	760	-	-	-	-	-
Customer and escrow deposits	-	-	-	-	-	-
Deferred revenues	127	-	-	-	8,542	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>3,735,343</u>	<u>126,728</u>	<u>63,714</u>	<u>-</u>	<u>8,542</u>	<u>-</u>
Fund balances:						
Reserved for encumbrances	78,155	152,198	100,000	-	-	-
Reserved by State statute	1,295,178	126,728	63,714	-	-	-
Reserved for loans	-	-	-	545,317	703,984	36,770
Reserved for firemen's relief	-	-	-	-	-	-
Reserved for convention center facility	7,215,292	-	-	-	-	-
Unreserved and undesignated (deficit)	<u>(591,415)</u>	<u>(278,926)</u>	<u>(163,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>7,997,210</u>	<u>-</u>	<u>-</u>	<u>545,317</u>	<u>703,984</u>	<u>36,770</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 11,732,553</u>	<u>\$ 126,728</u>	<u>\$ 63,714</u>	<u>\$ 545,317</u>	<u>\$ 712,526</u>	<u>\$ 36,770</u>

Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ 723,032	\$ 76,912	\$ 564,550	\$ -	\$ 275,676	\$ 241,351	\$ 20,527	\$ -	\$ 12,787,630
4,849	516	3,786	-	1,849	1,619	119,937	-	205,776
-	-	-	-	-	-	-	-	141,251
-	-	-	-	-	-	-	-	66,752
-	-	-	-	-	-	-	-	1,207,413
<u>2,760,107</u>	<u>1,684,062</u>	<u>2,615,271</u>	<u>3,792,522</u>	<u>160,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,856,152</u>
<u>\$ 3,487,988</u>	<u>\$ 1,761,490</u>	<u>\$ 3,183,607</u>	<u>\$ 3,792,522</u>	<u>\$ 438,325</u>	<u>\$ 242,970</u>	<u>\$ 140,464</u>	<u>\$ -</u>	<u>\$ 26,264,974</u>
\$ 40,115	\$ 13,473	\$ -	\$ -	\$ 7,674	\$ -	\$ -	\$ -	\$ 3,844,909
-	-	-	-	-	-	-	-	141,251
-	-	-	-	-	-	-	-	760
14,186	401	700	-	-	242,970	-	-	258,257
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,215</u>
<u>54,301</u>	<u>13,874</u>	<u>700</u>	<u>-</u>	<u>70,220</u>	<u>242,970</u>	<u>-</u>	<u>-</u>	<u>4,316,392</u>
-	-	-	-	-	-	-	-	330,353
-	-	-	-	-	-	-	-	1,485,620
3,433,687	1,747,616	3,182,907	3,792,522	368,105	-	-	-	13,810,908
-	-	-	-	-	-	140,464	-	140,464
-	-	-	-	-	-	-	-	7,215,292
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,034,055)</u>
<u>3,433,687</u>	<u>1,747,616</u>	<u>3,182,907</u>	<u>3,792,522</u>	<u>368,105</u>	<u>-</u>	<u>140,464</u>	<u>-</u>	<u>21,948,582</u>
<u>\$ 3,487,988</u>	<u>\$ 1,761,490</u>	<u>\$ 3,183,607</u>	<u>\$ 3,792,522</u>	<u>\$ 438,325</u>	<u>\$ 242,970</u>	<u>\$ 140,464</u>	<u>\$ -</u>	<u>\$ 26,264,974</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Capital Projects Funds**

**June 30, 2007**

	<u>Streets and Sidewalks Fund</u>	<u>Parks and Recreation Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,306,862	\$ -	\$ 566,235	\$ 8,873,097
Other receivables	35,391	-	3,797	39,188
Due from other funds	383,548	-	-	383,548
Due from other governments	<u>106,425</u>	<u>12,423</u>	<u>-</u>	<u>118,848</u>
Total assets	<u><u>\$ 8,832,226</u></u>	<u><u>\$ 12,423</u></u>	<u><u>\$ 570,032</u></u>	<u><u>\$ 9,414,681</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 267,374	\$ 98,814	\$ -	\$ 366,188
Due to other funds	-	383,548	91,612	475,160
Due to component unit	<u>61,413</u>	<u>-</u>	<u>-</u>	<u>61,413</u>
Total liabilities	<u>328,787</u>	<u>482,362</u>	<u>91,612</u>	<u>902,761</u>
Fund balances (deficit):				
Reserved for encumbrances	870,141	1,528,275	4,800	2,403,216
Reserved by State statute	525,365	12,423	3,797	541,585
Reserved for capital projects	7,107,933	-	469,823	7,577,756
Unreserved and undesignated (deficit)	<u>-</u>	<u>(2,010,637)</u>	<u>-</u>	<u>(2,010,637)</u>
Total fund balances (deficit)	<u>8,503,439</u>	<u>(469,939)</u>	<u>478,420</u>	<u>8,511,920</u>
Total liabilities and fund balances	<u><u>\$ 8,832,226</u></u>	<u><u>\$ 12,423</u></u>	<u><u>\$ 570,032</u></u>	<u><u>\$ 9,414,681</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds**

**Year Ended June 30, 2007**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Room occupancy tax	\$ 1,904,973	\$ -	\$ -	\$ 1,904,973
Restricted intergovernmental	2,483,565	99,588	-	2,583,153
Investment earnings	627,172	577,709	280,143	1,485,024
Donations	-	58,849	-	58,849
Miscellaneous	1,112,890	4,225	-	1,117,115
Total revenues	<u>6,128,600</u>	<u>740,371</u>	<u>280,143</u>	<u>7,149,114</u>
Expenditures:				
General government	-	17,727	-	17,727
Public safety	2,592,021	-	-	2,592,021
Transportation	3,897,686	3,218,204	-	7,115,890
Economic and physical development	1,906,701	-	-	1,906,701
Cultural and recreational	29,279	4,955,981	-	4,985,260
Transit system	-	54,435	-	54,435
Debt service:				
Principal retirement	-	-	4,375,252	4,375,252
Interest and other charges	-	-	3,211,459	3,211,459
Total expenditures	<u>8,425,687</u>	<u>8,246,347</u>	<u>7,586,711</u>	<u>24,258,745</u>
Excess of expenditures over revenues	<u>(2,297,087)</u>	<u>(7,505,976)</u>	<u>(7,306,568)</u>	<u>(17,109,631)</u>
Other financing sources (uses):				
Transfers from other funds	1,917,166	3,397,000	7,419,246	12,733,412
Transfers to other funds	(1,471,876)	-	-	(1,471,876)
Issuance of other long-term obligations	-	-	1,093,500	1,093,500
Payment to redeem other long-term obligations	-	-	(1,093,500)	(1,093,500)
Total other financing sources	<u>445,290</u>	<u>3,397,000</u>	<u>7,419,246</u>	<u>11,261,536</u>
Net change in fund balances	(1,851,797)	(4,108,976)	112,678	(5,848,095)
Fund balances at beginning of year	<u>23,800,379</u>	<u>12,620,896</u>	<u>6,443,793</u>	<u>42,865,068</u>
Fund balances at end of year	<u>\$ 21,948,582</u>	<u>\$ 8,511,920</u>	<u>\$ 6,556,471</u>	<u>\$ 37,016,973</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Special Revenue Funds**

**Year Ended June 30, 2007**

	Special Purpose Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
<b>Revenues:</b>						
Room occupancy tax	\$ 1,904,973	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	1,472,531	940,108	70,926	-	-	-
Investment earnings	526,907	-	-	28,845	-	-
Miscellaneous	<u>867,664</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>8,543</u>	<u>-</u>
Total revenues	<u>4,772,075</u>	<u>940,458</u>	<u>70,926</u>	<u>28,845</u>	<u>8,543</u>	<u>-</u>
<b>Expenditures:</b>						
Public safety	2,483,500	-	-	-	-	-
Transportation	3,897,686	-	-	-	-	-
Economic and physical development	563,847	945,253	328,392	3,226	-	-
Cultural and recreational	<u>29,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,974,312</u>	<u>945,253</u>	<u>328,392</u>	<u>3,226</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(2,202,237)</u>	<u>(4,795)</u>	<u>(257,466)</u>	<u>25,619</u>	<u>8,543</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Transfers from other funds	281,183	4,795	723,526	-	-	-
Transfers to other funds	<u>(192,382)</u>	<u>-</u>	<u>(466,060)</u>	<u>(76,295)</u>	<u>(1,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>88,801</u>	<u>4,795</u>	<u>257,466</u>	<u>(76,295)</u>	<u>(1,500)</u>	<u>-</u>
Net change in fund balances	(2,113,436)	-	-	(50,676)	7,043	-
Fund balances at beginning of year	<u>10,110,646</u>	<u>-</u>	<u>-</u>	<u>595,993</u>	<u>696,941</u>	<u>36,770</u>
Fund balances at end of year	<u>\$ 7,997,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,317</u>	<u>\$ 703,984</u>	<u>\$ 36,770</u>

Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,904,973
-	-	-	-	-	-	-	-	2,483,565
4,766	4,909	33,245	7,807	18,271	-	2,422	-	627,172
<u>728</u>	<u>-</u>	<u>4,690</u>	<u>20</u>	<u>111,096</u>	<u>-</u>	<u>119,799</u>	<u>-</u>	<u>1,112,890</u>
<u>5,494</u>	<u>4,909</u>	<u>37,935</u>	<u>7,827</u>	<u>129,367</u>	<u>-</u>	<u>122,221</u>	<u>-</u>	<u>6,128,600</u>
-	-	-	-	-	-	-	108,521	2,592,021
-	-	-	-	-	-	-	-	3,897,686
325	1	11,183	42,693	11,781	-	-	-	1,906,701
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,279</u>
<u>325</u>	<u>1</u>	<u>11,183</u>	<u>42,693</u>	<u>11,781</u>	<u>-</u>	<u>-</u>	<u>108,521</u>	<u>8,425,687</u>
<u>5,169</u>	<u>4,908</u>	<u>26,752</u>	<u>(34,866)</u>	<u>117,586</u>	<u>-</u>	<u>122,221</u>	<u>(108,521)</u>	<u>(2,297,087)</u>
5,654	-	250,000	470,487	73,000	-	-	108,521	1,917,166
<u>(4,427)</u>	<u>-</u>	<u>-</u>	<u>(536,798)</u>	<u>(85,893)</u>	<u>-</u>	<u>(108,521)</u>	<u>-</u>	<u>(1,471,876)</u>
<u>1,227</u>	<u>-</u>	<u>250,000</u>	<u>(66,311)</u>	<u>(12,893)</u>	<u>-</u>	<u>(108,521)</u>	<u>108,521</u>	<u>445,290</u>
6,396	4,908	276,752	(101,177)	104,693	-	13,700	-	(1,851,797)
<u>3,427,291</u>	<u>1,742,708</u>	<u>2,906,155</u>	<u>3,893,699</u>	<u>263,412</u>	<u>-</u>	<u>126,764</u>	<u>-</u>	<u>23,800,379</u>
<u>\$ 3,433,687</u>	<u>\$ 1,747,616</u>	<u>\$ 3,182,907</u>	<u>\$ 3,792,522</u>	<u>\$ 368,105</u>	<u>\$ -</u>	<u>\$ 140,464</u>	<u>\$ -</u>	<u>\$ 21,948,582</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds**

**Year Ended June 30, 2007**

	<u>Streets and Sidewalks Fund</u>	<u>Parks and Recreation Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
Restricted intergovernmental	\$ 99,588	\$ -	\$ -	\$ 99,588
Investment earnings	443,057	104,733	29,919	577,709
Donations	58,849	-	-	58,849
Miscellaneous	<u>4,225</u>	<u>-</u>	<u>-</u>	<u>4,225</u>
Total revenues	<u>605,719</u>	<u>104,733</u>	<u>29,919</u>	<u>740,371</u>
Expenditures:				
General government	-	-	17,727	17,727
Transportation	3,207,804	-	10,400	3,218,204
Cultural and recreational	-	4,955,981	-	4,955,981
Transit system	<u>54,435</u>	<u>-</u>	<u>-</u>	<u>54,435</u>
Total expenditures	<u>3,262,239</u>	<u>4,955,981</u>	<u>28,127</u>	<u>8,246,347</u>
Excess of revenues over (under) expenditures	(2,656,520)	(4,851,248)	1,792	(7,505,976)
Other financing sources:				
Transfers from other funds	<u>1,857,000</u>	<u>1,540,000</u>	<u>-</u>	<u>3,397,000</u>
Net change in fund balances	(799,520)	(3,311,248)	1,792	(4,108,976)
Fund balances at beginning of year	<u>9,302,959</u>	<u>2,841,309</u>	<u>476,628</u>	<u>12,620,896</u>
Fund balances (deficit) at end of year	<u>\$ 8,503,439</u>	<u>\$ (469,939)</u>	<u>\$ 478,420</u>	<u>\$ 8,511,920</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Nonmajor Enterprise Funds**

**June 30, 2007**

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,497,453	\$ 1,244,160	\$ 3,741,613
Other receivables	23,833	9,641	33,474
Inventory of materials and supplies	<u>                    -</u>	<u>                    5,918</u>	<u>                    5,918</u>
Total current assets	<u>          2,521,286</u>	<u>          1,259,719</u>	<u>          3,781,005</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>          20,832</u>	<u>                    -</u>	<u>          20,832</u>
Capital assets:			
Land	1,355,954	109,393	1,465,347
Improvements other than buildings	-	739,576	739,576
Buildings, plant and structures	12,235,702	290,903	12,526,605
Furniture, fixtures, machinery and equipment	87,311	354,137	441,448
Construction in progress	248,324	9,500	257,824
Less accumulated depreciation	<u>         (3,327,537)</u>	<u>         (974,535)</u>	<u>         (4,302,072)</u>
Capital assets, net of accumulated depreciation	<u>         10,599,754</u>	<u>          528,974</u>	<u>         11,128,728</u>
Other assets:			
Deferred charges, net	<u>         146,454</u>	<u>                    -</u>	<u>         146,454</u>
Total noncurrent assets	<u>         10,767,040</u>	<u>          528,974</u>	<u>         11,296,014</u>
Total assets	<u>         13,288,326</u>	<u>         1,788,693</u>	<u>         15,077,019</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Nonmajor Enterprise Funds (Continued)**

**June 30, 2007**

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 24,636	\$ 11,609	\$ 36,245
Contracts and retainage	198	-	198
Due to other governments	-	3,885	3,885
Accrued liabilities:			
Personnel costs	982	5,579	6,561
Interest	35,408	-	35,408
Current portion of long-term liabilities:			
Installment obligations	401,431	-	401,431
Other long-term obligations	185,200	-	185,200
Accrued vacation and sick leave	2,545	28,497	31,042
Unearned revenues	<u>-</u>	<u>46,868</u>	<u>46,868</u>
Total current liabilities	<u>650,400</u>	<u>96,438</u>	<u>746,838</u>
Noncurrent liabilities:			
Installment obligations	8,086,465	-	8,086,465
Other long-term obligations	<u>191,551</u>	<u>-</u>	<u>191,551</u>
Total noncurrent portion of long-term liabilities	8,278,016	-	8,278,016
Accrued vacation and sick leave	<u>681</u>	<u>430</u>	<u>1,111</u>
Total noncurrent liabilities	<u>8,278,697</u>	<u>430</u>	<u>8,279,127</u>
Total liabilities	<u>8,929,097</u>	<u>96,868</u>	<u>9,025,965</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,902,393	528,974	2,431,367
Unrestricted	<u>2,456,836</u>	<u>1,162,851</u>	<u>3,619,687</u>
Net assets	<u>\$ 4,359,229</u>	<u>\$ 1,691,825</u>	<u>\$ 6,051,054</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Nonmajor Enterprise Funds**

**Year Ended June 30, 2007**

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Charges for services	\$ 1,820,003	\$ 1,061,636	\$ 2,881,639
Other operating revenues	-	1,536	1,536
Total operating revenues	<u>1,820,003</u>	<u>1,063,172</u>	<u>2,883,175</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	72,875	468,525	541,400
Materials and fuels consumed	7,733	160,885	168,618
Services	737,479	38,945	776,424
Utilities	37,238	26,139	63,377
Depreciation	619,695	51,722	671,417
Amortization	6,974	-	6,974
Other operating expenses	<u>127,152</u>	<u>161,821</u>	<u>288,973</u>
Total operating expenses	<u>1,609,146</u>	<u>908,037</u>	<u>2,517,183</u>
Operating income	<u>210,857</u>	<u>155,135</u>	<u>365,992</u>
Nonoperating revenues (expenses):			
Investment earnings	136,820	54,747	191,567
Interest and other charges	<u>(400,173)</u>	-	<u>(400,173)</u>
Total nonoperating revenues (expenses)	<u>(263,353)</u>	<u>54,747</u>	<u>(208,606)</u>
Income (loss) before transfers	<u>(52,496)</u>	209,882	157,386
Transfers from other funds	<u>200,000</u>	-	<u>200,000</u>
Change in net assets	147,504	209,882	357,386
Net assets at beginning of year	<u>4,211,725</u>	<u>1,481,943</u>	<u>5,693,668</u>
Net assets at end of year	<u>\$ 4,359,229</u>	<u>\$ 1,691,825</u>	<u>\$ 6,051,054</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Nonmajor Enterprise Funds**

**Year Ended June 30, 2007**

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,820,003	\$ 1,091,544	\$ 2,911,547
Payments to suppliers	(889,244)	(386,572)	(1,275,816)
Payments to or on behalf of employees	(71,475)	(466,413)	(537,888)
Payments for interfund services used	<u>(2,617)</u>	<u>(8,290)</u>	<u>(10,907)</u>
Net cash provided by operating activities	<u>856,667</u>	<u>230,269</u>	<u>1,086,936</u>
Cash flows from noncapital and related financing activities:			
Transfer from other funds	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(7,900)	(9,500)	(17,400)
Principal payments on installment obligations	(406,431)	-	(406,431)
Principal payments on other long-term obligations	(179,060)	-	(179,060)
Interest and other charges	<u>(403,046)</u>	<u>-</u>	<u>(403,046)</u>
Net cash used in capital and related financing activities	<u>(996,437)</u>	<u>(9,500)</u>	<u>(1,005,937)</u>
Cash flows from investing activities:			
Investment earnings	<u>135,520</u>	<u>54,130</u>	<u>189,650</u>
Net increase in cash and cash equivalents	195,750	274,899	470,649
Cash and cash equivalents at beginning of year	<u>2,322,535</u>	<u>969,261</u>	<u>3,291,796</u>
Cash and cash equivalents at end of year	<u>\$ 2,518,285</u>	<u>\$ 1,244,160</u>	<u>\$ 3,762,445</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 2,497,453	\$ 1,244,160	\$ 3,741,613
Restricted cash and cash equivalents	<u>20,832</u>	<u>-</u>	<u>20,832</u>
Total cash and cash equivalents	<u>\$ 2,518,285</u>	<u>\$ 1,244,160</u>	<u>\$ 3,762,445</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Nonmajor Enterprise Funds (Continued)**

**Year Ended June 30, 2007**

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 210,857	\$ 155,135	\$ 365,992
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	626,669	51,722	678,391
Changes in assets and liabilities:			
Accounts receivable	-	623	623
Inventory of materials and supplies	-	2,131	2,131
Accounts payable and accrued liabilities	18,075	(8,509)	9,566
Accrued vacation and sick leave	1,066	1,418	2,484
Deferred revenues	-	27,749	27,749
Net cash provided by operating activities	<u>\$ 856,667</u>	<u>\$ 230,269</u>	<u>\$ 1,086,936</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Changes in Long-term Liabilities -  
Enterprise Funds**

**Year Ended June 30, 2007**

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>
<b>Water and Sewer Fund:</b>				
General obligation bonds	\$ 26,887,541	\$ -	\$ 2,749,298	\$ 24,138,243
Revenue bonds	70,404,117	-	1,046,427	69,357,690
Accrued vacation and sick leave	<u>738,936</u>	<u>659,556</u>	<u>627,206</u>	<u>771,286</u>
	<u>98,030,594</u>	<u>659,556</u>	<u>4,422,931</u>	<u>94,267,219</u>
<b>Ground Water Utility Fund:</b>				
Installment obligations	19,350,000	-	720,000	18,630,000
Accrued vacation and sick leave	<u>37,608</u>	<u>4,130</u>	<u>16,686</u>	<u>25,052</u>
	<u>19,387,608</u>	<u>4,130</u>	<u>736,686</u>	<u>18,655,052</u>
<b>Solid Waste Management Fund:</b>				
Other long-term obligations	864,000	-	203,175	660,825
Accrued vacation and sick leave	<u>169,770</u>	<u>187,094</u>	<u>161,221</u>	<u>195,643</u>
	<u>1,033,770</u>	<u>187,094</u>	<u>364,396</u>	<u>856,468</u>
<b>Storm Water Management Fund:</b>				
General obligation bonds	3,535,304	-	428,520	3,106,784
Installment obligations	1,395,000	-	75,000	1,320,000
Accrued vacation and sick leave	<u>183,886</u>	<u>209,146</u>	<u>201,970</u>	<u>191,062</u>
	<u>5,114,190</u>	<u>209,146</u>	<u>705,490</u>	<u>4,617,846</u>
<b>Golf Fund:</b>				
Accrued vacation and sick leave	<u>27,510</u>	<u>28,518</u>	<u>27,101</u>	<u>28,927</u>
<b>Parking Facilities Fund:</b>				
Installment obligations	8,894,327	-	406,431	8,487,896
Other long-term obligations	555,811	-	179,060	376,751
Accrued vacation and sick leave	<u>2,160</u>	<u>5,329</u>	<u>4,263</u>	<u>3,226</u>
	<u>9,452,298</u>	<u>5,329</u>	<u>589,754</u>	<u>8,867,873</u>
	<u>\$ 133,045,970</u>	<u>\$ 1,093,773</u>	<u>\$ 6,846,358</u>	<u>\$ 127,293,385</u>

**THE GENERAL FUND TAB (FRONT)**

**THE GENERAL FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 41,421,217	\$ 41,565,365	\$ 144,148	\$ 40,344,559
Prior years	635,000	561,669	(73,331)	566,878
Penalties and interest	165,000	149,807	(15,193)	154,698
Total	<u>42,221,217</u>	<u>42,276,841</u>	<u>55,624</u>	<u>41,066,135</u>
<b>Other taxes:</b>				
Local option sales tax	16,991,250	16,897,125	(94,125)	16,252,524
Franchise tax	4,784,350	5,314,491	530,141	4,829,914
Video programming sales tax	-	594,024	594,024	-
Rental vehicle tax	187,200	169,451	(17,749)	170,860
Total	<u>21,962,800</u>	<u>22,975,091</u>	<u>1,012,291</u>	<u>21,253,298</u>
<b>Unrestricted intergovernmental:</b>				
Beer and wine	430,000	438,928	8,928	418,364
ABC revenue	705,000	783,272	78,272	930,485
Court fees	75,000	59,968	(15,032)	60,877
Total	<u>1,210,000</u>	<u>1,282,168</u>	<u>72,168</u>	<u>1,409,726</u>
<b>Restricted intergovernmental:</b>				
Powell bill	2,850,000	2,814,944	(35,056)	2,820,203
<b>Categorical grants:</b>				
Transportation	320,585	362,859	42,274	281,805
Hurricane disaster assistance	-	-	-	715,365
Other	267,166	183,478	(83,688)	236,408
Total	<u>3,437,751</u>	<u>3,361,281</u>	<u>(76,470)</u>	<u>4,053,781</u>
<b>Licenses and permits:</b>				
Privilege licenses	1,631,250	1,694,079	62,829	1,582,353
Motor vehicle licenses	370,000	368,108	(1,892)	366,066
CATV fees	1,300,000	1,106,950	(193,050)	1,296,965
Other permits and fees	155,000	259,241	104,241	188,176
Total	<u>3,456,250</u>	<u>3,428,378</u>	<u>(27,872)</u>	<u>3,433,560</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Charges to water and sewer	\$ 1,411,126	\$ 1,411,126	\$ -	\$ 1,316,230
Charges to storm water	576,700	576,700	-	550,000
Charges to ground water	27,572	27,572	-	25,750
Charges to community development	405,000	405,000	-	425,734
Charges to home program	50,000	50,000	-	50,000
Charges to solid waste	468,922	468,922	-	447,212
Charges to golf course	76,957	76,957	-	75,080
Charges to parking facilities	29,000	29,000	-	40,000
Recreation department sales and service	482,790	571,732	88,942	500,873
Other departmental charges	1,378,600	1,654,428	275,828	1,408,338
Central services charges	38,000	56,946	18,946	48,504
Total	<u>4,944,667</u>	<u>5,328,383</u>	<u>383,716</u>	<u>4,887,721</u>
Fines and forfeits:				
Fire code violations	5,000	10,410	5,410	8,850
Civil citations	80,000	92,334	12,334	89,343
Total	<u>85,000</u>	<u>102,744</u>	<u>17,744</u>	<u>98,193</u>
Interest earnings:				
Investment earnings	650,000	1,891,525	1,241,525	1,198,968
Interest on liens	-	7,265	7,265	4,507
Total	<u>650,000</u>	<u>1,898,790</u>	<u>1,248,790</u>	<u>1,203,475</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	28,211	28,211	23,804
Rents	110,000	106,015	(3,985)	105,175
Other	208,176	211,412	3,236	114,122
Total	<u>318,176</u>	<u>345,638</u>	<u>27,462</u>	<u>243,101</u>
Total revenues	<u>78,285,861</u>	<u>80,999,314</u>	<u>2,713,453</u>	<u>77,648,990</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
<b>Expenditures:</b>				
<b>General government:</b>				
City Council and Clerk	\$ 356,241	\$ 356,263	\$ (22)	\$ 329,078
City Manager	1,385,195	1,313,635	71,560	1,187,252
City Attorney	689,905	685,760	4,145	667,613
Human Resource Management	686,854	693,899	(7,045)	674,376
Finance	2,517,194	2,370,947	146,247	2,121,068
Information Technology Services	1,863,369	1,783,511	79,858	1,486,864
Development Services	3,507,894	3,274,656	233,238	3,163,692
Public Services	2,685,187	2,271,233	413,954	1,939,334
Contributions to other agencies	292,334	295,427	(3,093)	188,617
Nondepartmental	3,887,108	2,616,660	1,270,448	4,119,659
Total	<u>17,871,281</u>	<u>15,661,991</u>	<u>2,209,290</u>	<u>15,877,553</u>
<b>Public safety:</b>				
Police	21,168,696	20,922,635	246,061	19,024,703
Fire	<u>12,895,199</u>	<u>12,699,140</u>	<u>196,059</u>	<u>12,271,930</u>
Total	<u>34,063,895</u>	<u>33,621,775</u>	<u>442,120</u>	<u>31,296,633</u>
<b>Transportation:</b>				
Traffic engineering	3,829,063	3,474,059	355,004	3,017,914
Streets	2,115,337	1,768,270	347,067	1,724,419
Storm water management fee	<u>1,253,811</u>	<u>1,253,811</u>	<u>-</u>	<u>1,179,502</u>
Total	<u>7,198,211</u>	<u>6,496,140</u>	<u>702,071</u>	<u>5,921,835</u>
<b>Economic and physical development:</b>				
Economic and community development	2,174,183	2,065,630	108,553	1,941,523
Contributions to other agencies	<u>1,015,183</u>	<u>508,557</u>	<u>506,626</u>	<u>379,801</u>
Total	<u>3,189,366</u>	<u>2,574,187</u>	<u>615,179</u>	<u>2,321,324</u>
<b>Cultural and recreational:</b>				
Parks and recreation	5,167,520	4,917,349	250,171	4,489,641
Contributions to other agencies	<u>311,200</u>	<u>310,317</u>	<u>883</u>	<u>306,200</u>
Total	<u>5,478,720</u>	<u>5,227,666</u>	<u>251,054</u>	<u>4,795,841</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Expenditures: (continued)				
Transit system:				
Cape Fear Public Transportation Authority	\$ 862,666	\$ 859,890	\$ 2,776	\$ 827,836
Hurricane disaster recovery	-	-	-	396,542
Total expenditures	<u>68,664,139</u>	<u>64,441,649</u>	<u>4,222,490</u>	<u>61,437,564</u>
Excess of revenues over expenditures	<u>9,621,722</u>	<u>16,557,665</u>	<u>6,935,943</u>	<u>16,211,426</u>
Other financing sources (uses):				
Operating transfers - out:				
GF-HOP Loan Fund	(250,000)	(250,000)	-	-
Debt Service Fund	(7,419,246)	(7,419,246)	-	(9,906,000)
Special Purpose Fund	(253,801)	(195,290)	58,511	(1,386,325)
Streets and Sidewalks Fund	(1,857,000)	(1,857,000)	-	(1,274,000)
Parks and Recreation Fund	(1,540,000)	(1,540,000)	-	(961,000)
Building Improvements Fund	(1,493,000)	(1,493,000)	-	(4,499,000)
Parking Facilities Fund	(200,000)	(200,000)	-	-
Parking Facilities Capital Projects Fund	-	-	-	(380,000)
Solid Waste Management Fund	<u>(422,325)</u>	<u>(422,325)</u>	<u>-</u>	<u>(410,314)</u>
Total operating transfers - out	(13,435,372)	(13,376,861)	58,511	(18,816,639)
Issuance of other long-term obligation	-	-	-	273,803
Appropriated fund balance	<u>3,813,650</u>	<u>-</u>	<u>(3,813,650)</u>	<u>-</u>
Total other financing uses	<u>(9,621,722)</u>	<u>(13,376,861)</u>	<u>(3,755,139)</u>	<u>(18,542,836)</u>
Net change in fund balance	<u>\$ -</u>	3,180,804	<u>\$ 3,180,804</u>	(2,331,410)
Fund balance at beginning of year		26,659,431		28,920,845
Change in reserve for inventories		<u>(23,876)</u>		<u>69,996</u>
Fund balance at end of year		<u>\$ 29,816,359</u>		<u>\$ 26,659,431</u>

**SPECIAL REVENUE FUNDS TAB (FRONT)**

**SPECIAL REVENUE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ -	\$ 5,310,319	\$ 1,904,973	\$ 7,215,292	\$ 7,215,292
<b>Restricted intergovernmental:</b>					
Federal grants	3,438,420	2,415,851	919,579	3,335,430	(102,990)
State grants	6,512,225	5,305,561	437,652	5,743,213	(769,012)
Other governments	170,313	80,092	115,300	195,392	25,079
Total restricted intergovernmental	<u>10,120,958</u>	<u>7,801,504</u>	<u>1,472,531</u>	<u>9,274,035</u>	<u>(846,923)</u>
Investment earnings	<u>423,662</u>	<u>624,009</u>	<u>526,907</u>	<u>1,150,916</u>	<u>727,254</u>
<b>Miscellaneous revenues:</b>					
Red light traffic cameras	2,522,000	3,906,996	786,775	4,693,771	2,171,771
Other program income	196,319	189,630	29,779	219,409	23,090
Donations	138,346	35,873	51,110	86,983	(51,363)
Sale of property	6,615	6,615	-	6,615	-
Total miscellaneous revenues	<u>2,863,280</u>	<u>4,139,114</u>	<u>867,664</u>	<u>5,006,778</u>	<u>2,143,498</u>
Total revenues	<u>13,407,900</u>	<u>17,874,946</u>	<u>4,772,075</u>	<u>22,647,021</u>	<u>9,239,121</u>
<b>Expenditures:</b>					
<b>Public safety projects:</b>					
Local Law Enforcement Block Grant	43,606	37,056	6,550	43,606	-
Child Safety Seats	5,000	4,635	-	4,635	365
Fireboat grant	1,700,000	-	1,294,766	1,294,766	405,234
Dreambuilders	100,031	66,263	33,768	100,031	-
Dreams Prevention Arts	57,828	29,830	27,988	57,818	10
Education: The Great Equalizer	124,115	66,025	58,090	124,115	-
Justice assistance grant	143,943	68,209	70,403	138,612	5,331
Bulletproof Vest Partnership	94,620	68,097	19,801	87,898	6,722
Santa cop program	750	750	-	750	-
Governors Highway Safety Program	113,000	5,040	98,107	103,147	9,853
SABLE - Helicopter unit	157,000	69,399	81,834	151,233	5,767
Fire Prevention and Safety	25,812	-	25,535	25,535	277
Firefighter equipment	329,894	-	329,493	329,493	401
Building Futures	96,982	-	64,894	64,894	32,088
Project Safe Neighborhoods	15,666	-	9,903	9,903	5,763
JAG livescan equipment	84,358	-	84,358	84,358	-
Buffer Zone Protection	47,500	-	47,500	47,500	-
Safe Neighborhood Heros	1,000	-	1,000	1,000	-
Federal forfeiture - SABLE	158,400	-	158,400	158,400	-
RRT2 Equipment	192,857	-	66,840	66,840	126,017
Fire truck driving simulator	250,000	-	-	-	250,000
Fire safety house and equipment	68,604	-	-	-	68,604

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:(continued)					
Public safety projects: (continued)					
Cop camp	\$ 7,823	\$ 5,526	\$ 847	\$ 6,373	\$ 1,450
Federal Fire Act equipment	168,531	165,430	-	165,430	3,101
Federal Forfeiture	853,760	850,142	3,423	853,565	195
North Carolina Drug Tax	215,201	207,985	-	207,985	7,216
Court Judgments	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	<u>5,078,506</u>	<u>1,659,837</u>	<u>2,483,500</u>	<u>4,143,337</u>	<u>935,169</u>
Transportation:					
Transportation demand coordinator	204,272	77,742	105,343	183,085	21,187
Wave capital grant X356	100,000	-	-	-	100,000
Red light traffic cameras	2,453,800	2,177,987	171,190	2,349,177	104,623
WTA capital purchase	1,318,000	1,317,289	-	1,317,289	711
Transit operating capital	40,093	25,887	-	25,887	14,206
NCDOT state maintenance	82,059	82,059	-	82,059	-
Total transportation	<u>4,198,224</u>	<u>3,680,964</u>	<u>276,533</u>	<u>3,957,497</u>	<u>240,727</u>
Economic and physical development projects:					
Homeless plan (10 year)	30,000	-	-	-	30,000
E-Communities planning	5,000	-	5,000	5,000	-
Historic preservation education	10,000	-	-	-	10,000
Affordable housing program	1,060,000	710,054	143,989	854,043	205,957
Homeownership services	25,450	7,424	2,606	10,030	15,420
Dudley School	3,000	3,000	-	3,000	-
UDAG Income Projects	813,718	409,288	404,430	813,718	-
Trees Forever	65,755	-	666	666	65,089
Trolley Station	3,716	2,123	-	2,123	1,593
Historic preservation workshop	7,156	-	7,156	7,156	-
Government Information Channel	50,000	47,510	-	47,510	2,490
Total economic and physical development	<u>2,073,795</u>	<u>1,179,399</u>	<u>563,847</u>	<u>1,743,246</u>	<u>330,549</u>
Cultural and recreational projects:					
Fitness Trail equipment	2,300	-	-	-	2,300
Downtown sundown concert	15,000	-	1,075	1,075	13,925
Love Grove regional access	306,364	-	-	-	306,364
Dog park development	22,822	-	16,479	16,479	6,343
Riverfront farmers market	28,000	-	11,725	11,725	16,275
July Fourth celebration	5,000	3,566	-	3,566	1,434

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures:(continued)					
Cultural and recreational projects: (continued)					
Nautical festival	\$ 51,375	\$ 48,466	\$ -	\$ 48,466	\$ 2,909
Wilmington railroad caboose	4,713	-	-	-	4,713
Wilmington railroad pavilion	85,500	-	-	-	85,500
Bicycle Advisory	6,150	4,405	-	4,405	1,745
Total cultural and recreational	<u>527,224</u>	<u>56,437</u>	<u>29,279</u>	<u>85,716</u>	<u>441,508</u>
Total expenditures	<u>11,877,749</u>	<u>6,576,637</u>	<u>3,353,159</u>	<u>9,929,796</u>	<u>1,947,953</u>
Excess of revenues over expenditures	<u>1,530,151</u>	<u>11,298,309</u>	<u>1,418,916</u>	<u>12,717,225</u>	<u>11,187,074</u>
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	754,775	750,504	-	750,504	(4,271)
Community Development Fund	296,780	297,120	-	297,120	340
GF-HOP Loan Fund	1,000,000	1,000,000	-	1,000,000	-
Economic Development Loan Fund	85,893	-	85,893	85,893	-
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>1,812,366</u>	<u>1,728,750</u>	<u>195,290</u>	<u>1,924,040</u>	<u>111,674</u>
Total operating transfers - in	<u>3,949,814</u>	<u>3,776,437</u>	<u>281,183</u>	<u>4,057,620</u>	<u>107,806</u>
Operating transfers - out:					
General Fund	(4,845,267)	(4,588,057)	-	(4,588,057)	257,210
Streets and Sidewalks Fund	(68,200)	-	-	-	68,200
UDAG Loan Fund	(46,130)	(46,130)	-	(46,130)	-
Home Investment Partnership Fund	<u>(441,646)</u>	<u>(249,202)</u>	<u>(192,382)</u>	<u>(441,584)</u>	<u>62</u>
Total operating transfers - out	<u>(5,401,243)</u>	<u>(4,883,389)</u>	<u>(192,382)</u>	<u>(5,075,771)</u>	<u>325,472</u>
Transfers to component unit	<u>(78,722)</u>	<u>(81,004)</u>	<u>-</u>	<u>(81,004)</u>	<u>(2,282)</u>
Total other financing sources (uses)	<u>(1,530,151)</u>	<u>(1,187,956)</u>	<u>88,801</u>	<u>(1,099,155)</u>	<u>430,996</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,110,353</u>	<u>1,507,717</u>	<u>\$ 11,618,070</u>	<u>\$ 11,618,070</u>
Fund balance at beginning of year			10,110,646		
The City recorded a liability at June 30, 2007 as a result of the decision of the courts that civil citations issued for red light violations belong to the local school board.			<u>(3,621,153)</u>		
Fund balance at end of year			<u>\$ 7,997,210</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 6,767,642	\$ 5,032,103	\$ 940,108	\$ 5,972,211	\$ (795,431)
Miscellaneous revenues:					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	200	400	350	750	550
Refunds	467,308	453,810	-	453,810	(13,498)
Total miscellaneous revenues	471,588	481,290	350	481,640	10,052
Total revenues	7,239,230	5,513,393	940,458	6,453,851	(785,379)
Expenditures:					
Economic and physical development projects:					
Acquisition	541,000	541,000	-	541,000	-
Public facilities	1,132,901	622,756	237,429	860,185	272,716
Demolition	99,547	55,859	29,503	85,362	14,185
Domestic Violence	78,000	78,000	-	78,000	-
Shelter for homeless	244,500	169,500	75,000	244,500	-
Community Boys Club	150,847	150,847	-	150,847	-
Shaw-Speaks Center	14,852	14,852	-	14,852	-
Lot cleaning	20,000	20,000	-	20,000	-
Volunteers of America	137,145	117,145	20,000	137,145	-
Girls, Inc.	32,000	32,000	-	32,000	-
Family Services	196,024	176,024	19,825	195,849	175
Cop program	30,000	30,000	-	30,000	-
Coalition of Success	13,500	13,500	-	13,500	-
Head Start of Wilmington	57,997	57,996	-	57,996	1
Cure AIDS of Wilmington	10,000	10,000	-	10,000	-
Mercy House shelter	5,000	5,000	-	5,000	-
Dreams of Wilmington	82,500	64,887	17,613	82,500	-
Food Bank of Coastal Carolina	10,000	10,000	-	10,000	-
Bottom Neighborhood Association	19,640	19,639	-	19,639	1
Brigade Boys and Girls Club	155,000	155,000	-	155,000	-
Leading Into New Communities	102,324	64,323	38,000	102,323	1
Amigos International	7,598	8,025	-	8,025	(427)
First Fruit Ministries	30,000	30,000	-	30,000	-
Housing counseling	35,000	20,500	9,360	29,860	5,140
Carousel Center	10,000	10,000	-	10,000	-
Wilmington interfaith network	10,000	10,000	-	10,000	-
YWCA - Kids Making It	25,000	10,000	15,000	25,000	-
Salvation Army	15,000	-	15,000	15,000	-
Relocation	98,649	28,277	16,272	44,549	54,100
Energy repairs/housing	155,692	97,155	47,251	144,406	11,286
Small Business Development	55,459	55,458	-	55,458	1
North Fourth Street revitalization	78,645	78,645	-	78,645	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects:(continued)					
Castle Street	\$ 11,955	\$ 11,541	\$ -	\$ 11,541	\$ 414
Business training	17,886	17,883	-	17,883	3
Economic development	20,000	12,768	-	12,768	7,232
Charges for services	2,372,000	1,967,000	405,000	2,372,000	-
Equipment/administration	18,000	18,001	-	18,001	(1)
Code enforcement	228,000	228,000	-	228,000	-
Planning	10,000	10,000	-	10,000	-
Total expenditures	<u>6,331,661</u>	<u>5,021,581</u>	<u>945,253</u>	<u>5,966,834</u>	<u>364,827</u>
Excess of revenues over (under) expenditures	<u>907,569</u>	<u>491,812</u>	<u>(4,795)</u>	<u>487,017</u>	<u>(420,552)</u>
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	102,197	100,805	1,500	102,305	108
Rehabilitation Loan Fund	124,645	124,645	-	124,645	-
Rental Rehabilitation Loan Fund	<u>135,670</u>	<u>132,745</u>	<u>3,295</u>	<u>136,040</u>	<u>370</u>
Total operating transfers - in	<u>362,512</u>	<u>358,195</u>	<u>4,795</u>	<u>362,990</u>	<u>478</u>
Operating transfers - out:					
Loan Funds	(1,177,097)	(757,035)	-	(757,035)	420,062
Streets and Sidewalks Fund	<u>(92,984)</u>	<u>(92,972)</u>	<u>-</u>	<u>(92,972)</u>	<u>12</u>
Total operating transfers - out	<u>(1,270,081)</u>	<u>(850,007)</u>	<u>-</u>	<u>(850,007)</u>	<u>420,074</u>
Total other financing sources (uses)	<u>(907,569)</u>	<u>(491,812)</u>	<u>4,795</u>	<u>(487,017)</u>	<u>420,552</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year			<u>\$ -</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Home Investment Partnership Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 4,001,080	\$ 1,961,333	\$ 70,926	\$ 2,032,259	\$ (1,968,821)
Miscellaneous	<u>148,130</u>	<u>148,130</u>	<u>-</u>	<u>148,130</u>	<u>-</u>
Total revenues	<u>4,149,210</u>	<u>2,109,463</u>	<u>70,926</u>	<u>2,180,389</u>	<u>(1,968,821)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement	-	-	129,170	129,170	(129,170)
Community Development Housing Organizations	1,441,790	835,649	146,022	981,671	460,119
Tenant Based Assistance	200,000	-	-	-	200,000
Homeless rental housing	90,000	90,000	-	90,000	-
Charges for services	280,031	230,031	50,000	280,031	-
Relocation assistance	<u>-</u>	<u>41,057</u>	<u>3,200</u>	<u>44,257</u>	<u>(44,257)</u>
Total expenditures	<u>2,011,821</u>	<u>1,196,737</u>	<u>328,392</u>	<u>1,525,129</u>	<u>486,692</u>
Excess of revenues over (under) expenditures	<u>2,137,389</u>	<u>912,726</u>	<u>(257,466)</u>	<u>655,260</u>	<u>(1,482,129)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	-	-	192,382	192,382	192,382
Home Loan Fund	<u>600,025</u>	<u>581,158</u>	<u>531,144</u>	<u>1,112,302</u>	<u>512,277</u>
Total operating transfers - in	600,025	581,158	723,526	1,304,684	704,659
Operating transfers - out:					
Home Loan Fund	<u>(2,737,414)</u>	<u>(1,493,884)</u>	<u>(466,060)</u>	<u>(1,959,944)</u>	<u>777,470</u>
Total other financing sources (uses)	<u>(2,137,389)</u>	<u>(912,726)</u>	<u>257,466</u>	<u>(655,260)</u>	<u>1,482,129</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u><u>\$ -</u></u>		

**CAPITAL PROJECT FUNDS TAB (FRONT)**

**CAPITAL PROJECT FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 5,139,832	\$ 438,432	\$ 99,588	\$ 538,020	\$ (4,601,812)
Investment earnings	1,250,377	1,587,932	443,057	2,030,989	780,612
Donations	353,773	392,003	58,849	450,852	97,079
Miscellaneous	496,285	763,061	4,225	767,286	271,001
<b>Total revenues</b>	<b>7,240,267</b>	<b>3,181,428</b>	<b>605,719</b>	<b>3,787,147</b>	<b>(3,453,120)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Utility cuts program	496,285	473,830	12,205	486,035	10,250
Fifth Street bridge	664,000	452	650,725	651,177	12,823
Bridge repairs 2004-05	100,000	4,969	7,051	12,020	87,980
Street rehabilitation 2004-05	1,493,565	180	1,896	2,076	1,491,489
Independence Boulevard phase II	4,000,000	375,687	72,637	448,324	3,551,676
Intersection improvements	135,500	22,626	2,374	25,000	110,500
Neighborhood traffic management	900,000	78,041	251,442	329,483	570,517
Masonboro/Pine Grove intersection	235,000	-	-	-	235,000
Eastwood Road path	29,214	-	-	-	29,214
New sidewalk construction 2004-05	168,907	-	-	-	168,907
Independence Boulevard phase III	3,709,258	-	-	-	3,709,258
North downtown streetscape	5,200,000	97,468	178,495	275,963	4,924,037
Gingerwood collector plan	7,000	6,708	-	6,708	292
Hoggard school fence	243,500	-	231,321	231,321	12,179
Ringo Drive extension	271,273	105,116	160,407	265,523	5,750
Taylor Homes Improvements	420,000	-	-	-	420,000
Riverwalk North convention center	1,224,000	-	-	-	1,224,000
North 3rd Street improvements	325,000	-	77,902	77,902	247,098
Dedicated right turn lane	130,000	-	-	-	130,000
Front Street two-way	500,000	-	300,351	300,351	199,649
Independence Boulevard 2000-01	954,216	954,213	-	954,213	3
Traffic signal improvement 2000-01	80,745	786	-	786	79,959
Sidewalk rehabilitation 2001-02	430,853	430,852	-	430,852	1
Eastwood Road bike path	601,610	273,040	206	273,246	328,364
Heidi Drive relief 2002-03	75,000	-	75,000	75,000	-
Wrightsville and MacMillan Avenues	205,200	124	-	124	205,076
Dawson/Wooster street improvements	423,781	147	294,341	294,488	129,293
Marstellar CSX railroad crossing	15,000	-	-	-	15,000
Park Avenue paved shoulders	236,273	236,272	-	236,272	1
Wooster Street sidewalks	165,000	6,146	4,951	11,097	153,903
Dudley School property	95,046	93,292	-	93,292	1,754
Street rehabilitation 2003-04	1,309,762	1,094,818	214,535	1,309,353	409
Randall Parkway widening	7,041,455	332,588	324,466	657,054	6,384,401
Underground utility placement	418,743	11,000	57,216	68,216	350,527

**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Transportation (continued):					
New street paving	\$ 810,000	\$ -	\$ 43,816	\$ 43,816	\$ 766,184
Sidewalk rehabilitation and repairs	870,947	553,481	1,262	554,743	316,204
Sidewalk construction 2003-04	1,006,366	620	196,124	196,744	809,622
Woodale and Mallard Street bike path	234,592	-	5,736	5,736	228,856
Military Cutoff bike path	250,000	-	-	-	250,000
Love Grove Access	64,792	16,555	43,345	59,900	4,892
Park Avenue paving	1,471,745	1,471,743	-	1,471,743	2
Wrightsville Avenue reconstruction	<u>1,399,597</u>	<u>1,399,597</u>	<u>-</u>	<u>1,399,597</u>	<u>-</u>
Total	38,413,225	8,040,351	3,207,804	11,248,155	27,165,070
Transit system:					
Transit capital grant match	<u>229,000</u>	<u>8,501</u>	<u>54,435</u>	<u>62,936</u>	<u>166,064</u>
Total expenditures	<u>38,642,225</u>	<u>8,048,852</u>	<u>3,262,239</u>	<u>11,311,091</u>	<u>27,331,134</u>
Excess of expenditures over revenues	<u>(31,401,958)</u>	<u>(4,867,424)</u>	<u>(2,656,520)</u>	<u>(7,523,944)</u>	<u>23,878,014</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	9,047,349	7,485,573	1,857,000	9,342,573	295,224
Operating transfers - out:					
Parks and Recreation Fund	(95,000)	(95,000)	-	(95,000)	-
Issuance of bonds	15,805,609	6,434,810	-	6,434,810	(9,370,799)
Issuance of installment obligations	<u>6,644,000</u>	<u>345,000</u>	<u>-</u>	<u>345,000</u>	<u>(6,299,000)</u>
Total other financing sources	<u>31,401,958</u>	<u>14,170,383</u>	<u>1,857,000</u>	<u>16,027,383</u>	<u>(15,374,575)</u>
Net change in fund balance	<u>\$ (31,401,958)</u>	<u>\$ 9,302,959</u>	(799,520)	<u>\$ 8,503,439</u>	<u>\$ 8,503,439</u>
Fund balance at beginning of year			<u>9,302,959</u>		
Fund balance at end of year			<u>\$ 8,503,439</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parks and Recreation Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 850,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 150,000
Investment earnings	409,000	591,764	104,733	696,497	287,497
<b>Total revenues</b>	<b>1,259,000</b>	<b>1,591,764</b>	<b>104,733</b>	<b>1,696,497</b>	<b>437,497</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Riverwalk South	2,754,500	2,733,964	-	2,733,964	20,536
Riverwalk North	1,555,650	1,515,765	18,166	1,533,931	21,719
Park facility improvements 2004-05	386,373	148,363	160,280	308,643	77,730
Maides Park improvements	725,000	48,838	279,825	328,663	396,337
Empie tennis court renovations	125,000	108,668	-	108,668	16,332
Halyburton playground	50,000	9,844	-	9,844	40,156
Recreation master plan	50,000	4,006	9,217	13,223	36,777
1898 Memorial Park	20,000	-	3,890	3,890	16,110
Alley improvements	100,000	-	-	-	100,000
Alderman preserve	200,000	-	-	-	200,000
Dobo Park property	100,000	-	8,329	8,329	91,671
Annexation parks	1,200,000	-	1,200	1,200	1,198,800
Olsen Park Phase I	5,500,000	-	4,211,707	4,211,707	1,288,293
Downtown parks	500,000	-	-	-	500,000
Greenfield Park amphitheater	1,145,098	-	9,868	9,868	1,135,230
Northside splash pool	400,000	-	10,650	10,650	389,350
Bike/Greenway system improvements	500,000	-	912	912	499,088
10th & Fanning park development	100,000	-	-	-	100,000
MLK Center bond improvements	655,000	-	38,193	38,193	616,807
Tennis complex	850,000	-	-	-	850,000
Love Grove Park	100,000	-	28,413	28,413	71,587
Park land purchase	1,140,000	-	2,099	2,099	1,137,901
Riverfront Park improvements	156,700	47,186	-	47,186	109,514
Community Arts center	100,000	16,528	64,773	81,301	18,699
Market Street landing dock	83,800	-	75,288	75,288	8,512
Land acquisition and economic development	500,000	5,238	-	5,238	494,762
Riverwalk signage	150,000	-	9,028	9,028	140,972
Intracoastal waterway park	59,500	1,800	-	1,800	57,700
Legion Stadium	6,940,000	6,315,667	20,649	6,336,316	603,684
South 17th Street park	1,946,493	1,910,321	3,463	1,913,784	32,709
Greenfield amphitheater	225,402	225,371	31	225,402	-
<b>Total expenditures</b>	<b>28,318,516</b>	<b>13,091,559</b>	<b>4,955,981</b>	<b>18,047,540</b>	<b>10,270,976</b>
<b>Excess of expenditures over revenues</b>	<b>(27,059,516)</b>	<b>(11,499,795)</b>	<b>(4,851,248)</b>	<b>(16,351,043)</b>	<b>10,708,473</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parks and Recreation Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2007**

	<u>Grant Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources:					
Operating transfers - in:					
General Fund	\$ 3,990,323	\$ 3,216,838	\$ 1,540,000	\$ 4,756,838	\$ 766,515
Public Improvements Fund	-	5,000	-	5,000	5,000
Total operating transfers - in	3,990,323	3,221,838	1,540,000	4,761,838	771,515
Issuance of bonds	14,771,493	2,821,493	-	2,821,493	(11,950,000)
Issuance of installment obligations	8,297,700	8,297,773	-	8,297,773	73
Total other financing sources	27,059,516	14,341,104	1,540,000	15,881,104	(11,178,412)
Net change in fund balance	\$ -	\$ 2,841,309	(3,311,248)	\$ (469,939)	\$ (469,939)
Fund balance at beginning of year			2,841,309		
Fund balance (deficit) at end of year			\$ (469,939)		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 600,000	\$ -	\$ -	\$ -	\$ (600,000)
Restricted intergovernmental	421,886	329,598	-	329,598	(92,288)
Investment earnings	1,379,738	1,520,144	408,566	1,928,710	548,972
Sale of real estate	863,000	863,000	-	863,000	-
Rents	-	950	10,004	10,954	10,954
Miscellaneous	-	5,958	-	5,958	5,958
<b>Total revenues</b>	<b>3,264,624</b>	<b>2,719,650</b>	<b>418,570</b>	<b>3,138,220</b>	<b>(126,404)</b>
<b>Expenditures:</b>					
<b>General government:</b>					
City Hall/Thalian Hall	272,917	254,885	-	254,885	18,032
Convention Center	4,913,200	794,731	1,281,671	2,076,402	2,836,798
Building improvements 2004-05	354,462	216,667	127,317	343,984	10,478
Joint City-County Emergency					
Operations Center	285,000	202,056	11,094	213,150	71,850
ITS server consolidation	180,000	179,013	630	179,643	357
2004 Multimodal facility study	43,892	-	-	-	43,892
ITS infrastructure improvements	100,000	42,332	46,053	88,385	11,615
Hilton riverwalk bulkhead	1,826,000	24,000	22,465	46,465	1,779,535
City Hall improvements	700,000	-	-	-	700,000
Time & attendance system	495,045	284,536	156,079	440,615	54,430
Call center renovations	15,000	14,021	-	14,021	979
Northern warehouse purchase	1,734,000	1,654,816	47,752	1,702,568	31,432
Underground railroad kiosk	25,000	-	238	238	24,762
Thalian Hall renovations	1,500,000	-	348,338	348,338	1,151,662
Fiber optics - Operation Center	150,000	-	112,444	112,444	37,556
Security improvements	85,000	-	-	-	85,000
10th & Fanning reuse	341,000	-	75,926	75,926	265,074
Environmental assessments	125,000	-	76,444	76,444	48,556
Community Arts Center	2,172,541	133,471	348,861	482,332	1,690,209
Administrative office building	335,108	227,139	4,950	232,089	103,019
City council chambers	650,000	389,487	86,465	475,952	174,048
Multi-modal facility study	43,892	43,892	-	43,892	-
Document imaging	120,000	53,372	15,310	68,682	51,318
Building security	250,000	107,650	-	107,650	142,350
Work order system	250,000	247,756	-	247,756	2,244
Market Street landing dock	212,000	1,500	206,897	208,397	3,603
Land acquisition and economic development	3,803,500	3,803,500	-	3,803,500	-
CCTV upgrade and expansion	85,000	80,892	-	80,892	4,108
ADA compliance	450,000	1,274	105,529	106,803	343,197

**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
General government (continued):					
Communication equipment - technology enhancements	\$ 1,693,894	\$ 1,685,669	\$ -	\$ 1,685,669	\$ 8,225
Operations center	<u>19,763,847</u>	<u>19,399,285</u>	<u>231,804</u>	<u>19,631,089</u>	<u>132,758</u>
Total general government	<u>42,975,298</u>	<u>29,841,944</u>	<u>3,306,267</u>	<u>33,148,211</u>	<u>9,827,087</u>
Public Safety:					
Police building	23,960,000	17,984,624	5,828,061	23,812,685	147,315
Training facility	3,500,000	-	-	-	3,500,000
Seagate annexation fire station 1998	1,593,800	650,212	55,731	705,943	887,857
Masonboro annexation fire station	2,944,135	1,418,872	1,492,828	2,911,700	32,435
Annexation fire stations	<u>2,536,269</u>	<u>2,536,241</u>	<u>-</u>	<u>2,536,241</u>	<u>28</u>
Total public safety	<u>34,534,204</u>	<u>22,589,949</u>	<u>7,376,620</u>	<u>29,966,569</u>	<u>4,567,635</u>
Transit system:					
Bus garage	709,089	-	180,518	180,518	528,571
Wave transit facility	<u>124,200</u>	<u>68,005</u>	<u>8,501</u>	<u>76,506</u>	<u>47,694</u>
Total transit system	<u>833,289</u>	<u>68,005</u>	<u>189,019</u>	<u>257,024</u>	<u>576,265</u>
Total expenditures	<u>78,342,791</u>	<u>52,499,898</u>	<u>10,871,906</u>	<u>63,371,804</u>	<u>14,970,987</u>
Excess of expenditures over revenues	<u>(75,078,167)</u>	<u>(49,780,248)</u>	<u>(10,453,336)</u>	<u>(60,233,584)</u>	<u>14,844,583</u>
Other financing sources:					
Operating transfers - in:					
General Fund	15,507,716	14,015,237	1,493,000	15,508,237	521
Issuance of bonds	366,460	166,937	-	166,937	(199,523)
Issuance of installment obligations	59,203,991	46,145,037	-	46,145,037	(13,058,954)
Premium on installment obligations	<u>-</u>	<u>1,860,258</u>	<u>-</u>	<u>1,860,258</u>	<u>1,860,258</u>
Total other financing sources	<u>75,078,167</u>	<u>62,187,469</u>	<u>1,493,000</u>	<u>63,680,469</u>	<u>(11,397,698)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,407,221</u>	<u>(8,960,336)</u>	<u>\$ 3,446,885</u>	<u>\$ 3,446,885</u>
Fund balance at beginning of year			<u>12,407,221</u>		
Fund balance at end of year			<u>\$ 3,446,885</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Public Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 18,840	\$ 16,624	\$ -	\$ 16,624	\$ (2,216)
Investment earnings	<u>90,663</u>	<u>147,588</u>	<u>29,919</u>	<u>177,507</u>	<u>86,844</u>
Total revenues	<u>109,503</u>	<u>164,212</u>	<u>29,919</u>	<u>194,131</u>	<u>84,628</u>
<b>Expenditures:</b>					
<b>Capital projects:</b>					
<b>Transportation - streets and sidewalks:</b>					
Masonboro/Pine Grove intersection	30,000	420	200	620	29,380
Eastwood Road path	73,786	-	-	-	73,786
Underground utility placement	31,257	-	-	-	31,257
Sidewalk construction 2003-04	18,634	383	-	383	18,251
Northern gateway	77,750	2,750	10,200	12,950	64,800
Median restoration	<u>32,451</u>	<u>27,998</u>	<u>-</u>	<u>27,998</u>	<u>4,453</u>
Total transportation - streets and sidewalks	<u>263,878</u>	<u>31,551</u>	<u>10,400</u>	<u>41,951</u>	<u>221,927</u>
<b>Cultural and recreational:</b>					
Legion Stadium improvements	<u>30,000</u>	<u>29,218</u>	<u>-</u>	<u>29,218</u>	<u>782</u>
<b>General government:</b>					
Building improvements 2004-05	80,373	-	17,671	17,671	62,702
ADA compliance	398,423	306,515	56	306,571	91,852
Annexation fire stations	<u>25,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,803</u>
Total general government	<u>504,599</u>	<u>306,515</u>	<u>17,727</u>	<u>324,242</u>	<u>180,357</u>
Total expenditures	<u>798,477</u>	<u>367,284</u>	<u>28,127</u>	<u>395,411</u>	<u>403,066</u>
Excess of revenues over (under) expenditures	(688,974)	(203,072)	1,792	(201,280)	487,694
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
General Fund	<u>688,974</u>	<u>679,700</u>	<u>-</u>	<u>679,700</u>	<u>(9,274)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 476,628</u>	<u>1,792</u>	<u>\$ 478,420</u>	<u>\$ 478,420</u>
Fund balance at beginning of year			<u>476,628</u>		
Fund balance at end of year			<u>\$ 478,420</u>		

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**DEBT SERVICE FUND TAB (FRONT)**

**DEBT SERVICE FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2007**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Investment earnings	\$ 100,000	\$ 280,143	\$ 180,143	\$ 99,487
Expenditures:				
Debt service:				
Principal retirement	4,320,562	4,375,252	(54,690)	4,658,821
Interest and other charges	3,956,184	3,211,459	744,725	3,355,149
Total expenditures	8,276,746	7,586,711	690,035	8,013,970
Excess of expenditures over revenues	(8,176,746)	(7,306,568)	870,178	(7,914,483)
Other financing sources (uses):				
Operating transfers-in:				
General Fund	8,159,246	7,419,246	(740,000)	9,906,000
Issuance of other long-term obligations	1,093,500	1,093,500	-	-
Payment to redeem other long-term obligations	(1,093,500)	(1,093,500)	-	-
Appropriated fund balance	17,500	-	(17,500)	-
Total other financing sources	8,176,746	7,419,246	(757,500)	9,906,000
Net change in fund balance	\$ -	112,678	\$ 112,678	1,991,517
Fund balance at beginning of year		6,443,793		4,452,276
Fund balance at end of year		\$ 6,556,471		\$ 6,443,793

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**ENTERPRISE FUNDS TAB (FRONT)**

**ENTERPRISE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Water charges	\$ 12,896,805	\$ 12,991,829	\$ 95,024	\$ 11,253,893
Sewer charges	14,888,275	14,849,765	(38,510)	13,911,306
Total charges for services	<u>27,785,080</u>	<u>27,841,594</u>	<u>56,514</u>	<u>25,165,199</u>
Other operating revenues:				
Connection or reconnection fees	1,431,962	1,211,301	(220,661)	1,241,332
Hydrant rentals	497,601	497,601	-	497,601
Fire protection charges	175,000	173,410	(1,590)	174,800
Total other operating revenues	<u>2,104,563</u>	<u>1,882,312</u>	<u>(222,251)</u>	<u>1,913,733</u>
Total operating revenues	<u>29,889,643</u>	<u>29,723,906</u>	<u>(165,737)</u>	<u>27,078,932</u>
Nonoperating revenues:				
Facility impact fees	2,050,000	2,319,605	269,605	2,274,635
Investment earnings	500,000	1,456,502	956,502	867,719
Hurricane disaster assistance	220,000	90,412	(129,588)	89,828
Total nonoperating revenues	<u>2,770,000</u>	<u>3,866,519</u>	<u>1,096,519</u>	<u>3,232,182</u>
Total revenues	<u>32,659,643</u>	<u>33,590,425</u>	<u>930,782</u>	<u>30,311,114</u>
Expenditures:				
Operating expenditures:				
Line maintenance and repair and billing and meter reading	4,499,623	4,117,518	382,105	3,354,726
Administration	718,360	640,561	77,799	433,059
Water treatment	4,871,982	4,554,168	317,814	4,176,879
Wastewater treatment	5,549,478	5,113,781	435,697	4,890,127
Environmental services	1,526,326	1,387,519	138,807	1,244,400
Other operating expenditures	2,372,007	2,285,346	86,661	1,537,581
Total operating expenditures	<u>19,537,776</u>	<u>18,098,893</u>	<u>1,438,883</u>	<u>15,636,772</u>
Nonoperating expenditures:				
Interest and other charges	4,335,341	4,425,280	(89,939)	3,618,078
Hurricane disaster recovery	244,731	233,237	11,494	74,101
Principal payments on bonds	3,795,724	3,795,724	-	3,926,230
Principal payments on other long-term obligations	-	-	-	22,158
Capital outlay:				
Administration	2,400	1,320	1,080	2,081
Water and sewer line improvements	419,865	303,870	115,995	164,422

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance	2006
	Budget	Actual	Positive (Negative)	Actual
Nonoperating expenditures: (continued)				
Water and wastewater treatment improvements	\$ 896,433	\$ 616,245	\$ 280,188	\$ 523,104
Environmental services	6,940	4,948	1,992	36,375
Total nonoperating expenditures	<u>9,701,434</u>	<u>9,380,624</u>	<u>320,810</u>	<u>8,366,549</u>
Total expenditures	<u>29,239,210</u>	<u>27,479,517</u>	<u>1,759,693</u>	<u>24,003,321</u>
Excess of revenues over expenditures	<u>3,420,433</u>	<u>6,110,908</u>	<u>2,690,475</u>	<u>6,307,793</u>
Other financing sources (uses):				
Operating transfers - out:				
Water and Sewer Capital Projects Fund	(5,800,000)	(5,800,000)	-	(4,073,900)
Issuance of bonds	-	-	-	5,335,561
Issuance of refunding bonds	-	-	-	9,560,000
Premium on refunding bonds	-	-	-	610,102
Payment to redeem outstanding bonds	-	-	-	(10,014,100)
Appropriated fund balance	<u>2,379,567</u>	<u>-</u>	<u>(2,379,567)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,420,433)</u>	<u>(5,800,000)</u>	<u>(2,379,567)</u>	<u>1,417,663</u>
Net change in fund balance	<u>\$ -</u>	<u>310,908</u>	<u>\$ 310,908</u>	<u>7,725,456</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Water and sewer charges accrual		217,707		548,532
Connection fees		(121,112)		(133,976)
Vacation and sick leave accrual		(32,350)		(59,285)
Change in inventory		218,862		42,131
Capital asset expenditures		212,792		374,045
Depreciation		(4,490,173)		(4,352,347)
Amortization		(162,575)		(162,576)
Other noncapital expenses - Water and Sewer Capital Projects Fund		(1,726,155)		(667,446)
Investment earnings - Water and Sewer Capital Projects Fund		2,588,671		1,865,066
Investment earnings accrual		13,016		(88,706)
Proceeds from refunding bonds		-		(5,491,563)
Interest expense accrual		1,182,439		313,194
Principal payments on bonds		3,795,724		3,926,230
Principal payments on other long-term obligations		-		22,158
Deferred charge - bond issuance costs		-		144,102
Operating transfer - Water and Sewer Capital Projects Fund		5,800,000		4,073,900
Capital contributions - others		553,415		143,567
Other		-		759
Change in net assets		<u>\$ 8,361,169</u>		<u>\$ 8,223,241</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Investment earnings	\$ 10,463,265	\$ 12,397,190	\$ 2,588,670	\$ 14,985,860	\$ 4,522,595
Restricted intergovernmental	47,964,473	12,824,856	19,133,286	31,958,142	(16,006,331)
Other revenues	-	1,801	-	1,801	1,801
<b>Total revenues</b>	<b>58,427,738</b>	<b>25,223,847</b>	<b>21,721,956</b>	<b>46,945,803</b>	<b>(11,481,935)</b>
<b>Expenditures:</b>					
<b>Capital outlay:</b>					
Market Street drainage	168,000	166,695	-	166,695	1,305
Pump station flow meters	300,000	-	-	-	300,000
Pump station generators	678,000	666,689	-	666,689	11,311
Mearns Street sewer	625,951	625,950	-	625,950	1
King's Bluff	697,500	493,824	32,073	525,897	171,603
SCP Utilities relocation	1,540,000	42,628	301,024	343,652	1,196,348
Northside heat exchanger	140,000	-	-	-	140,000
Corrosion control valve replacement	115,000	61,824	-	61,824	53,176
Water distribution system improvements	3,730,000	34,548	-	34,548	3,695,452
Meter replacement	3,660,000	683,552	2,628,250	3,311,802	348,198
ASR phase II field investigation	500,000	116,734	97,458	214,192	285,808
Fence replacement pump stations 10 and 14	80,000	-	15,627	15,627	64,373
Sewer condition assessment	999,300	191,400	780,550	971,950	27,350
Wastewater pump renewal	100,000	-	5,974	5,974	94,026
Pump station painting	100,000	-	2,800	2,800	97,200
Pump station roofing	200,000	10,900	19,671	30,571	169,429
Pump station 14 grit improvements	100,000	-	-	-	100,000
Pump station 2 improvements	400,000	-	-	-	400,000
Pump station 11 replacement	300,000	-	-	-	300,000
River road force main	633,000	457,852	138,715	596,567	36,433
NEI evaluation and improvements	4,962,000	472,213	963,906	1,436,119	3,525,881
Dawson Street tank #2	450,600	21,126	391,118	412,244	38,356
Sweeney parking/maintenance	42,000	-	-	-	42,000
ASR phase III expansion	3,500,000	156,691	295,904	452,595	3,047,405
Water capital reserve	100,000	-	-	-	100,000
Pump station removal 17 & 28	200,000	-	-	-	200,000
Pump station repairs	350,000	-	-	-	350,000
Pump station 5 replacement	650,000	-	-	-	650,000
Kerr Ave sewer main relocation	1,023,000	-	-	-	1,023,000
Northside WWTP capacity study	100,000	-	-	-	100,000
Sweeney WTP expansion	6,182,725	-	3,061,613	3,061,613	3,121,112
Sweeney HVAC-Ozone facility	400,000	-	-	-	400,000
3MGD Tank-College Rd & 17th St	2,971,765	-	4,100	4,100	2,967,665
Raw water transmission assessment	300,000	-	-	-	300,000
Carolina Beach Road main phase II	1,783,000	-	-	-	1,783,000

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Expenditures: (continued)					
Capital outlay: (continued)					
Equipment purchases	\$ 1,068,500	\$ -	\$ 26,417	\$ 26,417	\$ 1,042,083
Mineral Springs outfall	426,500	500	374,273	374,773	51,727
Annexation 98 sewers	3,762,680	1,194,887	684,453	1,879,340	1,883,340
Annexation 98 distribution mains	7,753,948	6,062,022	1,581,781	7,643,803	110,145
Pump stations 10, 12, 14	681,468	676,191	1,100	677,291	4,177
Recycling pump station	566,142	555,515	-	555,515	10,627
Water system master plan	316,000	253,550	7,449	260,999	55,001
Downtown water/sewer rehabilitation	3,466,003	349,933	280,713	630,646	2,835,357
Pump station 9	719,043	194,111	507,871	701,982	17,061
Sewer maintenance and replacement 2002-03	1,689,000	525,499	914,963	1,440,462	248,538
Downtown water/sewer rehabilitation 2002-03	110,000	-	-	-	110,000
Hazmat remediation	50,500	50,330	-	50,330	170
Water valve replacement 2002-03	100,000	-	-	-	100,000
Water laterals	50,000	14,526	-	14,526	35,474
Sweeney filter rehabilitation	150,000	145,293	-	145,293	4,707
Vulnerability assessment improvements	607,500	446,916	154,095	601,011	6,489
Sweeney study and construction	60,000	-	-	-	60,000
Water reuse project	5,000	-	-	-	5,000
Tank improvements	1,544,245	1,544,243	-	1,544,243	2
Annexation - sewer	700,000	673,037	-	673,037	26,963
Annexation - water	5,292,499	5,273,642	-	5,273,642	18,857
Burnt Mill Creek outfall	3,259,196	3,153,562	7,700	3,161,262	97,934
Greenville Loop Road force main	265,000	24,480	-	24,480	240,520
Wrightsville Avenue reconstruction	394,176	394,175	-	394,175	1
New elevated water tank	3,189,955	3,189,950	-	3,189,950	5
Coleman Complex improvements	100,750	100,147	-	100,147	603
Upgrade pump station 5,6,8 and 11	472,000	3,383	-	3,383	468,617
Pump station 10 improvements	285,501	260,708	-	260,708	24,793
Replace Northside trickling filter distributor	161,100	161,037	-	161,037	63
Paint/repair Southside WWTP #1 trickling filter	238,589	119,039	119,550	238,589	-
Southside WWTP expansion	882,760	272,212	95,358	367,570	515,190
Independence/Shipyard force main	3,063,374	3,053,423	-	3,053,423	9,951
Smith Creek outfall	1,200,180	22,144	833,038	855,182	344,998
Annexation 95 water phase II	7,622,377	6,565,462	41,992	6,607,454	1,014,923
Oversizing water and sewer lines	455,528	150,313	35,125	185,438	270,090
Pump station 12 conveyor system	200,000	-	-	-	200,000
Pump station 34, 35 VFD control room improvements	3,150,000	163,476	355,794	519,270	2,630,730

**CITY OF WILMINGTON, NORTH CAROLINA**

**Water and Sewer Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Capital outlay: (continued)					
Pump station 14 bar screen replacement	\$ 260,680	\$ 258,489	\$ -	\$ 258,489	\$ 2,191
Pump station 36 bar screen improvement	45,000	42,634	-	42,634	2,366
Pump station 39 grinder	11,500	4,143	-	4,143	7,357
Northside WWTP expansion	81,744,717	21,473,869	37,953,740	59,427,609	22,317,108
Sewer line replacement	885,459	741,163	68,993	810,156	75,303
Sludge scales	30,000	-	-	-	30,000
Division Drive pump station	1,774,230	1,655,407	-	1,655,407	118,823
Annexation 98 water mains	6,259,345	6,259,340	-	6,259,340	5
Water valve replacement	1,288,000	794,933	-	794,933	493,067
Water laterals and services	140,000	3,284	-	3,284	136,716
Water and sewer street construction	300,000	208,388	-	208,388	91,612
Total expenditures	<u>184,880,286</u>	<u>71,237,982</u>	<u>52,783,188</u>	<u>124,021,170</u>	<u>60,859,116</u>
Excess of expenditures over revenues	<u>(126,452,548)</u>	<u>(46,014,135)</u>	<u>(31,061,232)</u>	<u>(77,075,367)</u>	<u>49,377,181</u>
Other financing sources:					
Operating transfers - in:					
Water and Sewer Fund	42,346,273	36,616,412	5,800,000	42,416,412	70,139
Issuance of bonds	83,586,229	67,648,849	-	67,648,849	(15,937,380)
Appropriated fund balance	520,046	-	-	-	(520,046)
Total other financing sources	<u>126,452,548</u>	<u>104,265,261</u>	<u>5,800,000</u>	<u>110,065,261</u>	<u>(16,387,287)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 58,251,126</u>	<u>\$ (25,261,232)</u>	<u>\$ 32,989,894</u>	<u>\$ 32,989,894</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ground Water Utility Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Water charges	\$ 4,517,551	\$ 4,709,756	\$ 192,205	\$ 4,187,193
Other operating revenues:				
Connection or reconnection fees	60,000	61,610	1,610	47,795
Total operating revenues	4,577,551	4,771,366	193,815	4,234,988
Nonoperating revenues:				
Investment earnings	65,000	155,920	90,920	87,242
Total revenues	4,642,551	4,927,286	284,735	4,322,230
Expenditures:				
Operating expenditures:				
Collections and billing	395,015	374,583	20,432	350,636
Water treatment	2,584,532	2,584,532	-	1,972,756
Line maintenance and repair and meter reading	-	-	-	437,938
Other operating expenditures	38,372	33,144	5,228	33,053
Total operating expenditures	3,017,919	2,992,259	25,660	2,794,383
Nonoperating expenditures:				
Interest and other charges	905,393	908,322	(2,929)	1,245,904
Principal payments on installment obligations	720,000	720,000	-	640,000
Capital outlay:				
Collections and billing	-	-	-	1,870
Water line improvements	-	-	-	7,920
Total nonoperating expenditures	1,625,393	1,628,322	(2,929)	1,895,694
Total expenditures	4,643,312	4,620,581	22,731	4,690,077
Excess of revenues over (under) expenditures	(761)	306,705	307,466	(367,847)
Other financing sources (uses):				
Issuance of refunding installment obligations	-	-	-	17,235,000
Premium on refunding installment obligations	-	-	-	606,056
Payment to redeem installment obligations	-	-	-	(17,744,836)
Appropriated fund balance	761	-	(761)	-
Total other financing sources	761	-	(761)	96,220
Net change in fund balance	\$ -	306,705	\$ 306,705	(271,627)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ground Water Utility Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Water charges accrual		\$ 53,295		\$ 158,111
Vacation and sick leave accrual		12,556		(5,200)
Depreciation		(453,713)		(453,712)
Amortization		(11,208)		(11,208)
Investment earnings accrual		966		(6,448)
Proceeds from refunding installment obligations		-		(96,220)
Principal payments on installment obligations		720,000		640,000
Deferred charge - bond issuance costs		-		212,963
Interest expense accrual		<u>(64,730)</u>		<u>(3,205)</u>
Change in net assets		<u>\$ 563,871</u>		<u>\$ 163,454</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Solid Waste Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Operating revenues:				
Charges for services:				
Refuse collection	\$ 6,613,295	\$ 6,607,955	\$ (5,340)	\$ 6,546,438
Recycling	10,000	22,761	12,761	20,446
Total operating revenues	<u>6,623,295</u>	<u>6,630,716</u>	<u>7,421</u>	<u>6,566,884</u>
Operating expenditures:				
Administration	350,116	340,716	9,400	301,392
Customer refuse	4,857,432	4,458,229	399,203	3,781,684
Recycling	788,397	688,673	99,724	555,304
Yard waste	1,729,926	1,539,056	190,870	1,233,377
Special services	288,425	242,234	46,191	244,936
Downtown collection	329,893	311,528	18,365	256,231
Other operating expenditures	<u>508,162</u>	<u>499,218</u>	<u>8,944</u>	<u>447,212</u>
Total operating expenditures	<u>8,852,351</u>	<u>8,079,654</u>	<u>772,697</u>	<u>6,820,136</u>
Excess of operating expenditures over revenues	<u>(2,229,056)</u>	<u>(1,448,938)</u>	<u>780,118</u>	<u>(253,252)</u>
Nonoperating revenues (expenditures):				
Investment earnings	81,000	137,522	56,522	85,219
Other nonoperating revenues	-	-	-	332
Interest and other charges	(43,414)	(30,539)	12,875	(72)
Principal payments on other long-term obligations	<u>(252,806)</u>	<u>(203,175)</u>	<u>49,631</u>	<u>-</u>
Total nonoperating revenues (expenditures)	<u>(215,220)</u>	<u>(96,192)</u>	<u>119,028</u>	<u>85,479</u>
Excess of expenditures over revenues	<u>(2,444,276)</u>	<u>(1,545,130)</u>	<u>899,146</u>	<u>(167,773)</u>
Other financing sources:				
Operating transfer - in:				
General Fund	422,325	422,325	-	410,314
Issuance of other long-term obligations	-	-	-	864,000
Appropriated fund balance	<u>2,021,951</u>	<u>-</u>	<u>(2,021,951)</u>	<u>-</u>
Total other financing sources	<u>2,444,276</u>	<u>422,325</u>	<u>(2,021,951)</u>	<u>1,274,314</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,122,805)</u>	<u>\$ (1,122,805)</u>	<u>1,106,541</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Solid Waste Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (25,873)		\$ 5,483
Depreciation		(550)		-
Capital asset expenditures		5,499		-
Investment earnings accrual		(369)		(7,387)
Proceeds from other long-term obligations		-		(864,000)
Interest expense accrual		1,218		(3,357)
Principal payments on other long-term obligations		<u>203,175</u>		<u>-</u>
Change in net assets		<u>\$ (939,705)</u>		<u>\$ 237,280</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Operating revenues:				
Charges for services:				
Utility fees	\$ 4,670,291	\$ 4,752,883	\$ 82,592	\$ 4,482,722
City streets	1,253,811	1,253,811	-	1,179,502
Other operating revenues	47,951	65,454	17,503	26,767
Total operating revenues	<u>5,972,053</u>	<u>6,072,148</u>	<u>100,095</u>	<u>5,688,991</u>
Operating expenditures:				
Engineering	756,752	596,471	160,281	523,771
Operations	2,627,177	2,462,440	164,737	2,515,689
Street sweeping	577,426	505,668	71,758	556,352
Other operating expenditures	715,850	596,885	118,965	599,638
Total operating expenditures	<u>4,677,205</u>	<u>4,161,464</u>	<u>515,741</u>	<u>4,195,450</u>
Excess of operating revenues over expenditures	<u>1,294,848</u>	<u>1,910,684</u>	<u>615,836</u>	<u>1,493,541</u>
Nonoperating revenues (expenditures):				
Facility fees	45,000	81,203	36,203	84,446
Investment earnings	85,000	278,803	193,803	170,321
Hurricane disaster assistance	-	-	-	72,521
Interest and fiscal charges	(426,110)	(231,185)	194,925	(251,619)
Principal payments on bonds	(503,522)	(503,522)	-	(498,522)
Reserved for debt service	(389,277)	-	389,277	-
Total nonoperating expenditures	<u>(1,188,909)</u>	<u>(374,701)</u>	<u>814,208</u>	<u>(422,853)</u>
Excess of revenues over expenditures	<u>105,939</u>	<u>1,535,983</u>	<u>1,430,044</u>	<u>1,070,688</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(200,000)	(200,000)	-	(1,877,000)
Appropriated fund balance	94,061	-	(94,061)	-
Total other financing uses	<u>(105,939)</u>	<u>(200,000)</u>	<u>(94,061)</u>	<u>(1,877,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,335,983</u>	<u>\$ 1,335,983</u>	<u>(806,312)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (7,176)		\$ (21,917)
Change in inventory		(8,329)		(9,158)
Capital asset expenditures		37,352		117,456
Depreciation		(357,064)		(1,282,918)
Amortization		(1,234)		(1,234)
Other noncapital expenses - Storm Water Capital Projects Fund		(72,934)		(5,241)
Operating transfer - Storm Water Capital Projects Fund		200,000		1,877,000
Investment earnings accrual		(3,205)		(27,211)
Investment earnings - Storm Water Capital Projects Fund		114,954		95,199
Principal payments on bonds		428,522		428,522
Principal payments on installment obligations		75,000		70,000
Interest expense accrual		231,111		126,954
Capital contributions - others		2,172,244		277,196
Other		5,557		9,443
Change in net assets		<u>\$ 4,150,781</u>		<u>\$ 847,779</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 886,488	\$ 1,186,183	\$ 114,954	\$ 1,301,137	\$ 414,649
Restricted intergovernmental	<u>3,143,000</u>	<u>394,195</u>	<u>2,172,244</u>	<u>2,566,439</u>	<u>(576,561)</u>
Total revenues	<u>4,029,488</u>	<u>1,580,378</u>	<u>2,287,198</u>	<u>3,867,576</u>	<u>(161,912)</u>
<b>Expenditures:</b>					
Market Street drainage	468,219	467,795	-	467,795	424
Wrightsville Avenue culvert	140,000	2,250	122,640	124,890	15,110
Stormwater Inventory Mapping	750,000	-	56,750	56,750	693,250
Lincoln outfall	85,000	-	-	-	85,000
Dupree Drive	540,000	-	37,526	37,526	502,474
437 Shipyard pipe repair	60,000	-	54,912	54,912	5,088
Cedar Avenue/Sweetwater outfall	750,000	-	-	-	750,000
Storm drainage rehabilitation	200,000	-	-	-	200,000
Sweeper storage facility	825,000	-	36,980	36,980	788,020
Longstreet canal	3,444,348	775,411	1,835,696	2,611,107	833,241
Rileys branch	1,588,000	371,549	81,097	452,646	1,135,354
Seagate area improvements	531,392	463,642	67,675	531,317	75
Lions Gate	1,191,348	157,113	1,013,750	1,170,863	20,485
Market Northwoods	525,000	146,834	37,726	184,560	340,440
Market Inland Greens	1,350,000	113,855	26,905	140,760	1,209,240
Mineral Springs 2002-03	233,625	-	-	-	233,625
Heidi Drive relief 2002-03	310,585	200	252,255	252,455	58,130
Drainage easement relief	59,000	3,350	17,000	20,350	38,650
Brenda Drive drainage	366,500	-	-	-	366,500
New Hanover County Storm Water Improvement project	3,580,000	347,819	2,869,996	3,217,815	362,185
Burnt Mill Creek outfall	83,960	83,960	-	83,960	-
Rosemont Avenue drainage	<u>323,277</u>	<u>322,266</u>	<u>-</u>	<u>322,266</u>	<u>1,011</u>
Total expenditures	<u>17,405,254</u>	<u>3,256,044</u>	<u>6,510,908</u>	<u>9,766,952</u>	<u>7,638,302</u>
Excess of expenditures over revenues	<u>(13,375,766)</u>	<u>(1,675,666)</u>	<u>(4,223,710)</u>	<u>(5,899,376)</u>	<u>7,476,390</u>
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
General Fund	123,547	123,659	-	123,659	112
Storm Water Management Fund	<u>5,249,251</u>	<u>5,049,252</u>	<u>200,000</u>	<u>5,249,252</u>	<u>1</u>
Total operating transfers - in	5,372,798	5,172,911	200,000	5,372,911	113
Issuance of bonds	5,794,006	303,062	-	303,062	(5,490,944)
Issuance of installment obligations	2,152,000	351,035	-	351,035	(1,800,965)
Premium on installment obligations	-	14,507	-	14,507	14,507
Issuance of other long-term obligations	<u>56,962</u>	<u>56,963</u>	<u>-</u>	<u>56,963</u>	<u>1</u>
Total other financing sources	<u>13,375,766</u>	<u>5,898,478</u>	<u>200,000</u>	<u>6,098,478</u>	<u>(7,277,288)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,222,812</u>	<u>\$ (4,023,710)</u>	<u>\$ 199,102</u>	<u>\$ 199,102</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,256,762	\$ 1,376,071	\$ 119,309	\$ 1,291,682
Parking violations	547,400	443,932	(103,468)	574,752
Total operating revenues	<u>1,804,162</u>	<u>1,820,003</u>	<u>15,841</u>	<u>1,866,434</u>
Operating expenditures:				
Salaries and benefits	85,173	71,477	13,696	59,534
Contracted services	874,767	720,132	154,635	728,873
Repairs and maintenance	31,524	17,241	14,283	8,305
Capital outlay	2,630	2,626	4	-
Other operating expenditures	<u>210,684</u>	<u>147,335</u>	<u>63,349</u>	<u>175,519</u>
Total operating expenditures	<u>1,204,778</u>	<u>958,811</u>	<u>245,967</u>	<u>972,231</u>
Excess of operating revenues over expenditures	<u>599,384</u>	<u>861,192</u>	<u>261,808</u>	<u>894,203</u>
Nonoperating revenues (expenditures):				
Investment earnings	60,000	134,965	74,965	74,334
Interest and other charges	(401,173)	(403,046)	(1,873)	(412,382)
Principal payments on installment obligations	(406,431)	(406,431)	-	(171,431)
Principal payments on other long-term obligations	<u>(179,060)</u>	<u>(179,060)</u>	<u>-</u>	<u>(173,124)</u>
Total nonoperating expenditures	<u>(926,664)</u>	<u>(853,572)</u>	<u>73,092</u>	<u>(682,603)</u>
Excess of revenues over (under) expenditures	<u>(327,280)</u>	<u>7,620</u>	<u>334,900</u>	<u>211,600</u>
Other financing sources:				
Operating transfer - in:				
General Fund	200,000	200,000	-	-
Appropriated fund balance	<u>127,280</u>	<u>-</u>	<u>(127,280)</u>	<u>-</u>
Total other financing sources	<u>327,280</u>	<u>200,000</u>	<u>(127,280)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>207,620</u>	<u>\$ 207,620</u>	<u>211,600</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (1,066)		\$ (1,103)
Other noncapital expenses - Parking Facilities				
Capital Projects Fund		(22,600)		37,520
Depreciation		(619,695)		(640,695)
Amortization		(6,974)		(6,974)
Investment earnings accrual		817		(4,807)
Investment earnings - Parking Facilities Capital				
Projects Fund		1,038		1,553
Operating transfer - Parking Facilities Capital				
Projects Fund		-		380,000
Principal payments on installment obligations		406,431		171,431
Principal payments on other long-term obligations		179,060		173,124
Interest expense accrual		2,873		1,962
Special item: construction in progress abandonment -				
Parking Facilities Capital Projects Fund		-		(404,397)
Change in net assets		<u>\$ 147,504</u>		<u>\$ (80,786)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 70,000	\$ 79,221	\$ 1,038	\$ 80,259	\$ 10,259
Expenditures:					
Parking study	35,407	-	22,600	22,600	12,807
Water Street parking deck	8,525,000	240,424	7,900	248,324	8,276,676
Market Street parking deck	9,279,093	9,221,797	-	9,221,797	57,296
Total expenditures	<u>17,839,500</u>	<u>9,462,221</u>	<u>30,500</u>	<u>9,492,721</u>	<u>8,346,779</u>
Excess of expenditures over revenues	(17,769,500)	(9,383,000)	(29,462)	(9,412,462)	8,357,038
Other financing sources:					
Issuance of installment obligations	<u>17,769,500</u>	<u>9,232,190</u>	<u>-</u>	<u>9,232,190</u>	<u>(8,537,310)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (150,810)</u>	<u>\$ (29,462)</u>	<u>\$ (180,272)</u>	<u>\$ (180,272)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Operating revenues:				
Fees and coupons	\$ 538,000	\$ 637,130	\$ 99,130	\$ 576,629
Cart rentals	215,000	297,219	82,219	257,865
Concessions	90,000	125,775	35,775	111,388
Other operating revenues	500	1,536	1,036	74,943
Total operating revenues	<u>843,500</u>	<u>1,061,660</u>	<u>218,160</u>	<u>1,020,825</u>
Operating expenditures:				
Salaries and employee benefits	479,928	463,970	15,958	425,109
Repairs and maintenance	287,327	270,707	16,620	288,798
Other operating expenditures	119,571	116,724	2,847	91,070
Capital outlay	2,200	1,365	835	12,170
Total operating expenditures	<u>889,026</u>	<u>852,766</u>	<u>36,260</u>	<u>817,147</u>
Excess of operating revenues over (under) expenditures	<u>(45,526)</u>	<u>208,894</u>	<u>254,420</u>	<u>203,678</u>
Nonoperating revenues (expenditures):				
Investment earnings	12,000	53,956	41,956	27,998
Interest charges	-	-	-	(363)
Principal payments on other long-term obligations	-	-	-	(24,270)
Total nonoperating revenues	<u>12,000</u>	<u>53,956</u>	<u>41,956</u>	<u>3,365</u>
Excess of revenues over (under) expenditures	<u>(33,526)</u>	<u>262,850</u>	<u>296,376</u>	<u>207,043</u>
Other financing sources (uses):				
Operating transfer - out:				
Golf Capital Projects Fund	(250,000)	(250,000)	-	-
Appropriated fund balance	283,526	-	(283,526)	-
Total other financing sources (uses)	<u>33,526</u>	<u>(250,000)</u>	<u>(283,526)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>12,850</u>	<u>\$ 12,850</u>	<u>207,043</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		1,512		905
Vacation and sick leave accrual		(1,418)		(4,883)
Change in inventory		(2,131)		(17,623)
Depreciation		(51,722)		(67,918)
Investment earnings accrual		791		(1,905)
Principal payments on other long-term obligations		-		24,270
Interest expense accrual		-		56
Operating transfer - Golf Capital Projects Fund		250,000		-
Change in net assets		<u>\$ 209,882</u>		<u>\$ 139,945</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2007**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures:					
Club house improvements	\$ 250,000	\$ -	\$ 9,500	\$ 9,500	\$ 240,500
Other financing sources:					
Operating transfers - in:					
Golf Fund	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,500</u>	<u>\$ 240,500</u>	<u>\$ 240,500</u>

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**INTERNAL SERVICE FUND TAB (FRONT)**

**INTERNAL SERVICE FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Internal Service Funds**

**June 30, 2007**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,032,421	\$ 638,873	\$ 7,671,294
Other receivables	63,032	5,764	68,796
Due from other governments	319	-	319
Inventory of materials and supplies	<u>102,313</u>	<u>-</u>	<u>102,313</u>
Total current assets	<u>7,198,085</u>	<u>644,637</u>	<u>7,842,722</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>4,271,636</u>	<u>-</u>	<u>4,271,636</u>
Capital assets:			
Furniture, fixtures, machinery and equipment	22,547,733	-	22,547,733
Less accumulated depreciation	<u>(15,615,154)</u>	<u>-</u>	<u>(15,615,154)</u>
Total capital assets, net of accumulated depreciation	<u>6,932,579</u>	<u>-</u>	<u>6,932,579</u>
Other assets:			
Deferred charges, net	<u>12,447</u>	<u>-</u>	<u>12,447</u>
Total noncurrent assets	<u>11,216,662</u>	<u>-</u>	<u>11,216,662</u>
Total assets	<u>18,414,747</u>	<u>644,637</u>	<u>19,059,384</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	212,302	7,290	219,592
Accrued liabilities	33,487	-	33,487
Current portion of other long-term obligations	1,997,464	-	1,997,464
Accrued vacation and sick leave	<u>58,668</u>	<u>-</u>	<u>58,668</u>
Total current liabilities	<u>2,301,921</u>	<u>7,290</u>	<u>2,309,211</u>
Noncurrent liabilities:			
Other long-term obligations	5,837,273	-	5,837,273
Accrued vacation and sick leave	<u>22,946</u>	<u>-</u>	<u>22,946</u>
Total noncurrent liabilities	<u>5,860,219</u>	<u>-</u>	<u>5,860,219</u>
Total liabilities	<u>8,162,140</u>	<u>7,290</u>	<u>8,169,430</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,381,925	-	3,381,925
Unrestricted	<u>6,870,682</u>	<u>637,347</u>	<u>7,508,029</u>
Total net assets	<u>\$ 10,252,607</u>	<u>\$ 637,347</u>	<u>\$ 10,889,954</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Internal Service Funds**

**Year Ended June 30, 2007**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,914,435	\$ -	\$ 1,914,435
Charges for equipment replacement	1,730,945	307,845	2,038,790
Other operating revenues	<u>89,631</u>	<u>-</u>	<u>89,631</u>
Total operating revenues	<u>3,735,011</u>	<u>307,845</u>	<u>4,042,856</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	710,698	-	710,698
Materials and fuels consumed	17,943	-	17,943
Services	1,066,859	-	1,066,859
Utilities	7,837	-	7,837
Depreciation	1,824,680	-	1,824,680
Amortization	2,166	-	2,166
Other operating expenses	<u>570,338</u>	<u>306,008</u>	<u>876,346</u>
Total operating expenses	<u>4,200,521</u>	<u>306,008</u>	<u>4,506,529</u>
Operating income (loss)	<u>(465,510)</u>	<u>1,837</u>	<u>(463,673)</u>
Nonoperating revenues (expenses):			
Investment earnings	529,683	26,569	556,252
Interest and other charges	(244,439)	-	(244,439)
Gain on sale of capital assets	<u>61,942</u>	<u>-</u>	<u>61,942</u>
Total nonoperating revenues	<u>347,186</u>	<u>26,569</u>	<u>373,755</u>
Change in net assets	(118,324)	28,406	(89,918)
Net assets at beginning of year	<u>10,370,931</u>	<u>608,941</u>	<u>10,979,872</u>
Net assets at end of year	<u>\$ 10,252,607</u>	<u>\$ 637,347</u>	<u>\$ 10,889,954</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Internal Service Funds**

**Year Ended June 30, 2007**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 282,685	\$ -	\$ 282,685
Receipts from interfund services provided	3,452,573	307,845	3,760,418
Payments to suppliers	(1,796,803)	(298,718)	(2,095,521)
Payments to or on behalf of employees	(704,713)	-	(704,713)
Payments for interfund services used	<u>(3,425)</u>	<u>-</u>	<u>(3,425)</u>
Net cash provided by operating activities	<u>1,230,317</u>	<u>9,127</u>	<u>1,239,444</u>
Cash flows from capital and related financing activities:			
financing activities:			
Acquisition and construction of capital assets	(3,850,243)	-	(3,850,243)
Proceeds from other long-term obligations	3,906,500	-	3,906,500
Principal payments on other long-term obligations	(2,749,763)	-	(2,749,763)
Interest and other charges	(239,795)	-	(239,795)
Issuance costs on other long-term obligations	(6,380)	-	(6,380)
Proceeds from sale of capital assets	<u>63,185</u>	<u>-</u>	<u>63,185</u>
Net cash used in capital and related financing activities	<u>(2,876,496)</u>	<u>-</u>	<u>(2,876,496)</u>
Cash flows from investing activities:			
Investment earnings	<u>533,853</u>	<u>26,393</u>	<u>560,246</u>
Net increase (decrease) in cash and cash equivalents	(1,112,326)	35,520	(1,076,806)
Cash and cash equivalents at beginning of year	<u>12,416,383</u>	<u>603,353</u>	<u>13,019,736</u>
Cash and cash equivalents at end of year	<u>\$ 11,304,057</u>	<u>\$ 638,873</u>	<u>\$ 11,942,930</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 7,032,421	\$ 638,873	\$ 7,671,294
Restricted cash and cash equivalents	<u>4,271,636</u>	<u>-</u>	<u>4,271,636</u>
Total cash and cash equivalents	<u>\$ 11,304,057</u>	<u>\$ 638,873</u>	<u>\$ 11,942,930</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Internal Service Funds (Continued)**

**Year Ended June 30, 2007**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (465,510)	\$ 1,837	\$ (463,673)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,826,846	-	1,826,846
Changes in assets and liabilities:			
Due from other governments	247	-	247
Inventory of materials and supplies	11,957	-	11,957
Accounts payable and accrued liabilities	(146,488)	7,290	(139,198)
Accrued vacation and sick leave	3,265	-	3,265
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by operating activities	<u>\$ 1,230,317</u>	<u>\$ 9,127</u>	<u>\$ 1,239,444</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,869,050	\$ 1,914,435	\$ 45,385	\$ 1,724,079
Charges for equipment replacement	1,730,940	1,730,945	5	1,509,612
Other operating revenues	-	110,911	110,911	201,780
Total operating revenues	<u>3,599,990</u>	<u>3,756,291</u>	<u>156,301</u>	<u>3,435,471</u>
Nonoperating revenues:				
Investment earnings	338,900	529,096	190,196	280,563
Sale of capital assets	-	38,762	38,762	27,402
Total nonoperating revenues	<u>338,900</u>	<u>567,858</u>	<u>228,958</u>	<u>307,965</u>
Total revenues	<u>3,938,890</u>	<u>4,324,149</u>	<u>385,259</u>	<u>3,743,436</u>
Expenditures:				
Operating expenditures:				
Salaries, employee benefits and other personnel costs	734,780	702,524	32,256	630,820
Materials and fuels consumed	18,650	17,944	706	17,008
Maintenance and operating expenditures	936,164	1,062,561	(126,397)	1,003,394
Utilities	7,100	9,997	(2,897)	7,135
Other operating expenditures	160,498	155,313	5,185	133,939
Total operating expenditures	<u>1,857,192</u>	<u>1,948,339</u>	<u>(91,147)</u>	<u>1,792,296</u>
Nonoperating expenditures:				
Capital and noncapital equipment	4,273,583	4,257,214	16,369	4,024,084
Interest and other charges	427,540	246,175	181,365	69,044
Principal payments on other long-term obligations	1,477,500	1,593,263	(115,763)	-
Reserve for replacement	1,843,002	-	1,843,002	-
Total nonoperating expenditures	<u>8,021,625</u>	<u>6,096,652</u>	<u>1,924,973</u>	<u>4,093,128</u>
Total expenditures	<u>9,878,817</u>	<u>8,044,991</u>	<u>1,833,826</u>	<u>5,885,424</u>
Excess of expenditures over revenues	<u>(5,939,927)</u>	<u>(3,720,842)</u>	<u>2,219,085</u>	<u>(2,141,988)</u>
Other financing sources (uses):				
Issuance of other long-term obligations	3,900,000	3,906,500	6,500	5,797,386
Payment to redeem other long-term obligations	(1,156,500)	(1,156,500)	-	-
Appropriated fund balance	3,196,427	-	(3,196,427)	-
Total other financing sources	<u>5,939,927</u>	<u>2,750,000</u>	<u>(3,189,927)</u>	<u>5,797,386</u>
Net change in fund balance	<u>\$ -</u>	<u>(970,842)</u>	<u>\$ (970,842)</u>	<u>3,655,398</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (3,265)		\$ 236
Change in inventory		(11,957)		(3,689)
Capital asset expenditures		3,850,243		3,332,545
Depreciation		(1,824,680)		(1,439,816)
Amortization		(2,166)		(2,058)
Investment earnings accrual		587		(29,599)
Proceeds from other long-term obligations		(3,906,500)		(5,797,386)
Principal payments on other long-term obligations		2,749,763		-
Deferred charge - issuance costs on other long-term obligations		6,380		10,291
Interest expense accrual		(4,644)		(19,921)
Disposal of capital assets		(1,243)		(4,217)
Transfers of capital assets to governmental funds		-		(14,899)
Change in net assets		<u>\$ (118,324)</u>		<u>\$ (313,115)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Personal Computer Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2007  
With Comparative Actual Amounts for Year Ended June 30, 2006**

	2007		Variance Positive (Negative)	2006 Actual
	Budget	Actual		
Operating revenues:				
Charges for equipment replacement	\$ 304,595	\$ 307,845	\$ 3,250	\$ 283,290
Nonoperating revenues:				
Investment earnings	-	<u>26,391</u>	<u>26,391</u>	<u>15,841</u>
Total revenues	304,595	334,236	29,641	299,131
Nonoperating expenditures:				
Noncapital equipment	<u>356,820</u>	<u>306,008</u>	<u>50,812</u>	<u>246,523</u>
Excess of revenues over (under) expenditures	(52,225)	28,228	80,453	52,608
Appropriated fund balance	<u>52,225</u>	-	<u>(52,225)</u>	-
Net change in fund balance	<u>\$ -</u>	28,228	<u>\$ 28,228</u>	52,608
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Investment earnings accrual		<u>178</u>		<u>(1,613)</u>
Change in net assets		<u>\$ 28,406</u>		<u>\$ 50,995</u>

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**SUPPLEMENTAL**  
**FINANCIAL DATA TAB (FRONT)**

**SUPPLEMENTAL**  
**FINANCIAL DATA TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>  
Schedule By Type and Source**

**June, 30 2007**

Governmental funds capital assets:	
Land	\$ 45,885,198
Improvements other than buildings	16,402,495
Buildings, plant and structures	75,324,533
Furniture, fixtures, machinery and equipment	14,608,682
Streets and drainage	150,633,474
Construction in progress	<u>6,054,903</u>
Total governmental funds capital assets	<u>\$ 308,909,285</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 20,309,758
General Fund	9,514,822
Special Purpose Fund	2,190,457
Capital Project Funds	166,665,795
Accepted dedications	<u>110,228,453</u>
Total governmental funds capital assets	<u>\$ 308,909,285</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>  
Schedule By Function and Activity**

**June, 30 2007**

Function and Activity	Land	Improvements other than Buildings	Buildings, Plant and Structures
<b>General government:</b>			
City Manager	\$ -	\$ -	\$ -
Finance	-	-	-
Information Technology Services	-	-	-
Development Services	-	-	-
General government	<u>6,863,895</u>	<u>3,912,018</u>	<u>29,299,167</u>
Total general government	<u>6,863,895</u>	<u>3,912,018</u>	<u>29,299,167</u>
<b>Public safety:</b>			
Police	25,000	-	22,937,590
Fire	<u>2,107,338</u>	<u>19,950</u>	<u>12,697,645</u>
Total public safety	<u>2,132,338</u>	<u>19,950</u>	<u>35,635,235</u>
<b>Transportation:</b>			
Traffic engineering	37,638	-	72,364
Streets and drainage	<u>29,138,809</u>	<u>1,662,100</u>	<u>46,446</u>
Total transportation	<u>29,176,447</u>	<u>1,662,100</u>	<u>118,810</u>
<b>Cultural and recreational:</b>			
Parks and recreation	<u>7,404,953</u>	<u>10,808,427</u>	<u>10,129,886</u>
<b>Economic and physical development</b>			
	<u>307,565</u>	-	<u>141,435</u>
<b>Total governmental funds capital assets</b>	<u><u>\$ 45,885,198</u></u>	<u><u>\$ 16,402,495</u></u>	<u><u>\$ 75,324,533</u></u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Furniture, Fixtures, Machinery and Equipment</u>	<u>Streets and Drainage</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 92,268	\$ -	\$ -	\$ 92,268
38,887	-	-	38,887
1,687,605	-	439,259	2,126,864
41,955	-	-	41,955
<u>673,204</u>	<u>-</u>	<u>2,583,132</u>	<u>43,331,416</u>
<u>2,533,919</u>	<u>-</u>	<u>3,022,391</u>	<u>45,631,390</u>
3,158,823	-	-	26,121,413
<u>7,746,857</u>	<u>-</u>	<u>55,731</u>	<u>22,627,521</u>
<u>10,905,680</u>	<u>-</u>	<u>55,731</u>	<u>48,748,934</u>
504,149	-	-	614,151
<u>239,251</u>	<u>150,633,474</u>	<u>2,266,414</u>	<u>183,986,494</u>
<u>743,400</u>	<u>150,633,474</u>	<u>2,266,414</u>	<u>184,600,645</u>
<u>425,683</u>	<u>-</u>	<u>710,367</u>	<u>29,479,316</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>449,000</u>
<u>\$ 14,608,682</u>	<u>\$ 150,633,474</u>	<u>\$ 6,054,903</u>	<u>\$ 308,909,285</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>  
Schedule of Changes By Function and Activity**

**Year Ended June, 30 2007**

Function and Activity	July 1, 2006 As restated	Additions
General government:		
City Manager	\$ 92,268	\$ -
Finance	38,887	-
Information Technology Services	1,924,732	202,132
Development Services	41,955	-
General government buildings	<u>40,191,692</u>	<u>3,139,724</u>
Total general government	<u>42,289,534</u>	<u>3,341,856</u>
 Public safety:		
Police	20,499,088	6,168,697
Fire	<u>19,701,497</u>	<u>2,934,059</u>
Total public safety	<u>40,200,585</u>	<u>9,102,756</u>
 Transportation:		
Traffic engineering	603,316	16,330
Streets and drainage	<u>179,305,283</u>	<u>4,681,211</u>
Total transportation	<u>179,908,599</u>	<u>4,697,541</u>
 Cultural and recreational:		
Parks and recreation	<u>24,456,263</u>	<u>5,046,665</u>
 Economic and physical development	<u>449,000</u>	<u>-</u>
 Total governmental funds capital assets	<u>\$ 287,303,981</u>	<u>\$ 22,188,818</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Deductions</u>	<u>June 30, 2007</u>
\$ -	\$ 92,268
-	38,887
-	2,126,864
-	41,955
-	<u>43,331,416</u>
-	<u>45,631,390</u>
(546,372)	26,121,413
<u>(8,035)</u>	<u>22,627,521</u>
<u>(554,407)</u>	<u>48,748,934</u>
(5,495)	614,151
-	<u>183,986,494</u>
<u>(5,495)</u>	<u>184,600,645</u>
<u>(23,612)</u>	<u>29,479,316</u>
-	<u>449,000</u>
<u>\$ (583,514)</u>	<u>\$ 308,909,285</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Change in Ad Valorem Taxes Receivable**

**June 30, 2007**

Fiscal Year	Uncollected Balance <u>July 1, 2006</u>	Additions	Collections and Credits	Uncollected Balance <u>June 30, 2007</u>
2006-2007	\$ -	\$ 42,596,135	\$ 41,793,227	\$ 802,908
2005-2006	670,449	4,059	484,205	190,303
2004-2005	202,239	3,236	63,059	142,416
prior years	<u>829,097</u>	<u>3,504</u>	<u>115,123</u>	<u>717,478</u>
	1,701,785	42,606,934	42,455,614	1,853,105
Less allowance for uncollectible taxes	<u>(604,363)</u>	-	<u>(155,509)</u>	<u>(448,854)</u>
Totals	<u>\$ 1,097,422</u>	<u>\$ 42,606,934</u>	<u>\$ 42,300,105</u>	<u>\$ 1,404,251</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund \$ 41,565,365

Taxes - ad valorem - prior years - General Fund 561,669

Taxes - ad valorem - penalties and interest - General Fund 149,807

Total remittances 42,276,841

Amounts written off as abatements and because of statute of limitations 173,071

Less penalties and interest (149,807)

Total collections and credits \$ 42,300,105

**CITY OF WILMINGTON, NORTH CAROLINA**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2007**

	City - Wide		Total Levy		
			Property excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 8,937,102,189	\$ .46	\$ 41,110,670	\$ 38,686,190	\$ 2,424,480
Motor vehicles taxed at prior year's rate	249,144,130	.46	1,146,063	-	1,146,063
Penalties	<u>-</u>		<u>25,326</u>	<u>25,326</u>	<u>-</u>
Total	9,186,246,319		42,282,059	38,711,516	3,570,543
Discoveries:					
Current year taxes	59,840,217		275,265	271,003	4,262
Prior year taxes and penalties	-		<u>38,810</u>	<u>38,810</u>	<u>-</u>
Total			42,596,134	39,021,329	3,574,805
Abatements	<u>(49,535,000)</u>		<u>(227,861)</u>	<u>(171,028)</u>	<u>(56,833)</u>
Total property valuation	<u>\$ 9,196,551,536</u>				
Net levy			42,368,273	38,850,301	3,517,972
Uncollected taxes at June 30, 2007			<u>802,908</u>	<u>286,106</u>	<u>516,802</u>
Current year's taxes collected			<u>\$ 41,565,365</u>	<u>\$ 38,564,195</u>	<u>\$ 3,001,170</u>
Current levy collection percentage			<u>98.10%</u>	<u>99.26%</u>	<u>85.31%</u>

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**STATISTICAL SECTION TAB (FRONT)**

**STATISTICAL SECTION TAB (BACK)**

## STATISTICAL SECTION

This part of the City of Wilmington's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the readers understand how the city's financial performance and well-being have changed over time.	150 - 159
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	160 - 163
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	164 - 169
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	170
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	171 - 175

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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**TABLE 1**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Net Assets by Component**

**Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 13,209,589	\$ 21,147,929	\$ 25,294,237	\$ 41,210,966	\$ 181,747,430
Restricted	10,063,585	9,915,472	13,456,749	14,850,785	16,934,004
Unrestricted (1)	<u>48,958,877</u>	<u>52,970,122</u>	<u>60,423,011</u>	<u>57,353,717</u>	<u>53,473,106</u>
Total governmental activities net assets	<u>\$ 72,232,051</u>	<u>\$ 84,033,523</u>	<u>\$ 99,173,997</u>	<u>\$ 113,415,468</u>	<u>\$ 252,154,540</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 99,025,314	\$ 106,189,683	\$ 111,044,036	\$ 111,652,338	\$ 135,128,498
Restricted	3,720,477	4,417,410	4,677,245	5,741,848	6,240,878
Unrestricted	<u>50,474,211</u>	<u>49,219,967</u>	<u>51,836,295</u>	<u>59,694,303</u>	<u>48,212,615</u>
Total business-type activities net assets	<u>\$ 153,220,002</u>	<u>\$ 159,827,060</u>	<u>\$ 167,557,576</u>	<u>\$ 177,088,489</u>	<u>\$ 189,581,991</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 112,234,903	\$ 127,337,612	\$ 136,338,273	\$ 152,863,304	\$ 316,875,928
Restricted	13,784,062	14,332,882	18,133,994	20,592,633	23,174,882
Unrestricted	<u>99,433,088</u>	<u>102,190,089</u>	<u>112,259,306</u>	<u>117,048,020</u>	<u>101,685,721</u>
Total primary government net assets	<u>\$ 225,452,053</u>	<u>\$ 243,860,583</u>	<u>\$ 266,731,573</u>	<u>\$ 290,503,957</u>	<u>\$ 441,736,531</u>

**Notes:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(1) Unrestricted governmental activities net assets is restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.

**TABLE 2**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets**

**Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 11,535,385	\$ 13,908,704	\$ 13,797,417	\$ 15,587,565	\$ 14,379,647
Public safety	30,733,825	29,312,990	29,693,336	32,353,256	35,864,890
Transportation	10,077,678	8,755,214	7,173,171	7,353,292	13,754,139
Economic and physical development	5,033,942	4,148,984	4,092,091	3,688,117	4,481,644
Cultural and recreational	4,517,154	5,035,661	5,481,105	5,884,529	5,976,218
Transit system	1,899,511	2,114,212	2,835,153	827,836	1,103,344
Hurricane disaster recovery	77,177	-	899,162	396,542	-
Interest and other charges	1,942,334	1,674,471	2,243,752	3,563,334	3,425,526
Total governmental activities expenses	<u>65,817,006</u>	<u>64,950,236</u>	<u>66,215,187</u>	<u>69,654,471</u>	<u>78,985,408</u>
Business-type activities:					
Water and sewer	22,326,700	22,110,902	22,296,851	24,423,115	28,480,953
Ground water utility	3,122,086	3,159,538	3,604,276	4,310,438	4,417,676
Solid waste management	6,402,933	6,536,515	6,761,069	6,818,100	8,129,899
Storm water management	4,979,104	5,042,432	5,292,644	5,523,127	4,570,924
Parking facilities	1,085,561	1,060,952	1,857,034	2,398,299	2,009,319
Golf	895,869	867,190	832,772	908,034	908,037
Total business-type activities expenses	<u>38,812,253</u>	<u>38,777,529</u>	<u>40,644,646</u>	<u>44,381,113</u>	<u>48,516,808</u>
Total primary government expenses	<u>\$ 104,629,259</u>	<u>\$ 103,727,765</u>	<u>\$ 106,859,833</u>	<u>\$ 114,035,584</u>	<u>\$ 127,502,216</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 3,255,363	\$ 3,470,348	\$ 3,964,652	\$ 4,025,530	\$ 3,937,055
Public safety	432,996	426,862	430,717	675,317	976,645
Transportation	747,456	1,023,082	1,332,079	1,710,751	1,333,003

TABLE 2

## CITY OF WILMINGTON, NORTH CAROLINA

## Changes in Net Assets (Continued)

Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Program Revenues (continued)</b>					
Governmental activities (continued):					
Economic and physical development	\$ 43,424	\$ 56,377	\$ 124,976	\$ 158,145	\$ 31,831
Cultural and recreational	351,593	426,800	426,954	500,873	571,732
Operating grants and contributions	9,772,894	6,821,511	7,561,229	6,282,373	4,910,085
Capital grants and contributions	4,433,079	5,110,524	2,150,342	1,985,222	2,809,524
Total governmental activities program revenues	<u>19,038,808</u>	<u>17,337,508</u>	<u>15,992,954</u>	<u>15,340,217</u>	<u>14,569,875</u>
Business-type activities:					
Charges for services:					
Water and sewer	20,722,414	22,185,784	24,611,004	27,493,488	29,820,501
Ground water utility	3,584,541	3,994,315	3,956,352	4,393,099	4,824,661
Solid waste management	6,160,974	6,389,017	6,487,649	6,566,883	6,630,716
Storm water management	5,532,704	5,510,872	5,711,657	5,698,434	6,073,766
Parking facilities	1,471,820	1,476,052	1,664,599	1,866,433	1,820,003
Golf	812,842	821,951	772,099	946,886	1,063,172
Operating grants and contributions	3,083	40,000	-	162,349	90,412
Capital grants and contributions	2,067,532	3,920,708	3,911,415	2,779,844	5,126,467
Total business-type activities program revenues	<u>40,355,910</u>	<u>44,338,699</u>	<u>47,114,775</u>	<u>49,907,416</u>	<u>55,449,698</u>
Total primary government program revenues	<u>\$ 59,394,718</u>	<u>\$ 61,676,207</u>	<u>\$ 63,107,729</u>	<u>\$ 65,247,633</u>	<u>\$ 70,019,573</u>
Net (expense)/revenue					
Governmental activities	\$ (46,778,198)	\$ (47,612,728)	\$ (50,222,233)	\$ (54,314,254)	\$ (64,415,533)
Business-type activities	<u>1,543,657</u>	<u>5,561,170</u>	<u>6,470,129</u>	<u>5,526,303</u>	<u>6,932,890</u>
Total primary government net expense	<u>\$ (45,234,541)</u>	<u>\$ (42,051,558)</u>	<u>\$ (43,752,104)</u>	<u>\$ (48,787,951)</u>	<u>\$ (57,482,643)</u>

**TABLE 2**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

**Last Five Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 39,268,327	\$ 39,462,243	\$ 39,525,332	\$ 41,072,872	\$ 42,601,818
Room occupancy tax	151,062	-	3,551,896	1,758,422	1,904,973
Local option sales tax (1)	11,618,601	13,554,544	14,799,445	16,252,524	16,897,125
Franchise tax (1)	5,331,964	4,389,563	4,580,235	4,829,914	5,314,491
Video programming sales tax	-	-	-	-	594,024
Rental vehicle tax	129,349	145,573	161,076	170,860	169,451
Unrestricted grants and contributions	1,246,184	1,320,882	1,362,214	1,646,134	1,502,289
Investment earnings	814,004	681,664	1,392,501	3,173,990	4,372,771
Miscellaneous	416,590	201,522	308,740	444,088	515,283
Transfers to other funds	(725,463)	(339,787)	(316,727)	(791,073)	(622,325)
Total governmental activities	<u>58,250,618</u>	<u>59,416,204</u>	<u>65,364,712</u>	<u>68,557,731</u>	<u>73,249,900</u>
Business-type activities:					
Investment earnings	841,930	702,389	943,660	3,138,187	4,934,347
Miscellaneous	-	3,712	-	75,350	3,940
Transfers from other funds	725,463	339,787	316,727	791,073	622,325
Total business-type activities	<u>1,567,393</u>	<u>1,045,888</u>	<u>1,260,387</u>	<u>4,004,610</u>	<u>5,560,612</u>
Total primary government	<u>\$ 59,818,011</u>	<u>\$ 60,462,092</u>	<u>\$ 66,625,099</u>	<u>\$ 72,562,341</u>	<u>\$ 78,810,512</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 11,472,420	\$ 11,803,476	\$ 15,142,479	\$ 14,243,477	\$ 8,834,367
Business-type activities	<u>3,111,050</u>	<u>6,607,058</u>	<u>7,730,516</u>	<u>9,530,913</u>	<u>12,493,502</u>
Total primary government	<u>\$ 14,583,470</u>	<u>\$ 18,410,534</u>	<u>\$ 22,872,995</u>	<u>\$ 23,774,390</u>	<u>\$ 21,327,869</u>

**Notes:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(1) Local option sales tax and franchise tax are restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	1998	1999	2000	2001
General fund				
Reserved	\$ 5,323,211	\$ 6,554,701	\$ 6,668,009	\$ 7,570,930
Unreserved	<u>9,420,461</u>	<u>5,274,194</u>	<u>10,391,434</u>	<u>12,336,728</u>
Total general fund	<u>\$ 14,743,672</u>	<u>\$ 11,828,895</u>	<u>\$ 17,059,443</u>	<u>\$ 19,907,658</u>
All other governmental funds				
Reserved	\$ 33,087,270	\$ 22,337,936	\$ 20,796,389	\$ 25,206,203
Unreserved (deficit), reported in				
Capital projects funds	1,554,270	-	-	(2,164,847)
Special revenue funds	<u>78,649</u>	<u>(788,802)</u>	<u>(464,357)</u>	<u>(35,215)</u>
Total all other governmental funds	<u>\$ 34,720,189</u>	<u>\$ 21,549,134</u>	<u>\$ 20,332,032</u>	<u>\$ 23,006,141</u>

**Notes:** Includes General, Debt Service, Special Revenue and Capital Project Funds.

**TABLE 3**

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 5,299,935	\$ 5,860,272	\$ 8,934,734	\$ 7,723,813	\$ 8,194,268	\$ 10,155,466
<u>19,918,081</u>	<u>24,246,657</u>	<u>23,203,322</u>	<u>21,197,032</u>	<u>18,465,163</u>	<u>19,660,893</u>
<u>\$ 25,218,016</u>	<u>\$ 30,106,929</u>	<u>\$ 32,138,056</u>	<u>\$ 28,920,845</u>	<u>\$ 26,659,431</u>	<u>\$ 29,816,359</u>
\$ 27,983,750	\$ 31,856,787	\$ 34,484,381	\$ 69,737,297	\$ 52,784,436	\$ 43,508,550
(1,361,361)	(629,452)	(6,909,264)	-	-	(2,010,637)
<u>926,644</u>	<u>(4,354,102)</u>	<u>(587,444)</u>	<u>1,907,435</u>	<u>2,487,853</u>	<u>(1,034,055)</u>
<u>\$ 27,549,033</u>	<u>\$ 26,873,233</u>	<u>\$ 26,987,673</u>	<u>\$ 71,644,732</u>	<u>\$ 55,272,289</u>	<u>\$ 40,463,858</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	1998	1999	2000	2001
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1), (2), (3)	\$ 17,472,181	\$ 19,639,928	\$ 33,775,923	\$ 31,066,885
Room occupancy tax	181,546	219,487	204,009	221,047
Intangibles tax reimbursement	650,780	678,827	877,727	-
Local option sales tax (4)	7,530,762	7,995,638	9,198,584	10,708,827
Franchise tax (4)	2,499,338	2,639,622	3,520,485	3,786,227
Video programming sales tax	-	-	-	-
Rental vehicle tax	-	-	-	52,137
Unrestricted intergovernmental	1,778,117	1,797,177	1,899,439	2,030,400
Restricted intergovernmental	5,927,539	6,884,298	7,262,054	7,585,698
Licenses and permits	1,552,683	1,818,506	2,120,152	2,224,174
Sales and services	2,578,437	3,085,745	3,164,229	3,433,034
Fines and forfeits (5)	250,295	327,727	338,420	65,679
Investment earnings	2,048,689	1,595,112	1,513,176	2,116,081
Donations	200	1,653	80,450	63,313
Miscellaneous	1,004,816	725,826	1,028,468	557,427
Total revenues	<u>43,475,383</u>	<u>47,409,546</u>	<u>64,983,116</u>	<u>63,910,929</u>
<b>Expenditures</b>				
General government	15,367,966	16,435,630	18,075,883	13,710,720
Public safety	17,337,644	21,586,344	23,392,392	26,808,518
Transportation (6)	6,498,326	5,923,330	7,310,938	7,040,480
Economic and physical development	2,450,950	2,300,220	2,584,572	2,920,901
Cultural and recreational	3,090,737	4,266,749	4,302,586	5,883,551
Transit system	1,058,104	1,125,812	1,254,552	1,557,066
Hurricane disaster recovery	41,664	648,342	1,961,623	1,000
Debt service (7)				
Principal retirement	2,214,358	2,410,637	3,915,101	3,961,215
Interest and other charges	1,532,560	1,988,777	1,936,701	1,861,410
Total expenditures	<u>49,592,309</u>	<u>56,685,841</u>	<u>64,734,348</u>	<u>63,744,861</u>
Excess of revenues over (under) expenditures	<u>(6,116,926)</u>	<u>(9,276,295)</u>	<u>248,768</u>	<u>166,068</u>

**TABLE 4**

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 42,523,366	\$ 39,201,126	\$ 39,462,243	\$ 39,589,130	\$ 41,066,135	\$ 42,276,841
218,933	151,062	-	3,035,500	2,274,818	1,904,973
756,623	-	-	-	-	-
9,990,162	10,906,730	13,554,544	14,799,445	16,252,524	16,897,125
2,248,006	4,303,926	4,389,563	4,580,235	4,829,914	5,314,491
-	-	-	-	-	594,024
136,220	129,349	145,573	161,076	170,860	169,451
1,716,092	1,004,394	1,084,242	1,126,013	1,409,726	1,282,168
6,745,047	13,523,730	8,906,642	8,854,406	6,731,853	5,944,434
2,562,725	2,557,466	2,755,356	3,235,686	3,433,560	3,428,378
3,796,988	4,065,419	4,071,509	4,246,620	4,887,896	5,328,383
29,503	46,667	42,656	67,768	98,193	102,744
960,061	698,245	571,137	1,166,673	3,003,871	3,792,380
76,805	10,425	7,560	310,484	265,883	58,849
1,988,105	785,347	1,588,726	1,401,353	1,567,486	1,472,757
<u>73,748,636</u>	<u>77,383,886</u>	<u>76,579,751</u>	<u>82,574,389</u>	<u>85,992,719</u>	<u>88,566,998</u>
14,438,217	14,882,693	19,915,584	23,263,162	28,392,473	18,985,985
28,442,252	29,756,843	30,341,682	30,211,315	48,631,834	43,590,416
6,467,935	12,501,063	8,956,586	8,913,756	8,535,654	13,612,030
3,184,631	4,920,265	4,244,397	4,157,456	4,029,778	4,480,888
7,547,710	6,343,404	7,404,489	5,954,753	5,351,974	10,212,926
1,903,497	1,899,511	2,114,212	2,835,153	827,836	1,103,344
-	77,177	-	899,162	396,542	-
4,544,691	4,262,148	4,659,942	4,585,416	4,658,821	4,375,252
2,054,331	1,999,041	1,696,258	2,131,877	3,355,149	3,211,459
<u>68,583,264</u>	<u>76,642,145</u>	<u>79,333,150</u>	<u>82,952,050</u>	<u>104,180,061</u>	<u>99,572,300</u>
<u>5,165,372</u>	<u>741,741</u>	<u>(2,753,399)</u>	<u>(377,661)</u>	<u>(18,187,342)</u>	<u>(11,005,302)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds (Continued)**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	1998	1999	2000	2001
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 3,550,480	\$ 3,991,606	\$ 5,172,182	\$ 4,360,015
Transfers to other funds	(3,550,480)	(4,780,606)	(5,832,182)	(5,520,375)
Issuance of bonds	15,330,207	-	-	3,400,000
Issuance of installment obligations	10,320,000	-	4,425,000	-
Premium on installment obligations	-	-	-	-
Issuance of other long-term obligation	1,813,697	1,136,611	-	2,240,860
Payment to redeem outstanding bonds	(3,774,202)	-	-	-
Payment to redeem outstanding installment obligation	-	-	-	-
Payment to redeem outstanding other long-term obligations	-	-	-	-
Total other financing sources (uses)	<u>23,689,702</u>	<u>347,611</u>	<u>3,765,000</u>	<u>4,480,500</u>
Net change in fund balances	<u>\$ 17,572,776</u>	<u>\$ (8,928,684)</u>	<u>\$ 4,013,768</u>	<u>\$ 4,646,568</u>
 Debt service as a percentage of noncapital expenditures	 9.9%	 10.0%	 11.4%	 10.2%

**Notes:** Includes General, Debt Service, Special Revenue and Capital Project Funds.

- (1) Includes related penalties and interest.
- (2) Beginning in fiscal year 2000, the area annexed effective January 31, 1999 is included.
- (3) Beginning in fiscal year 2002, the area annexed effective September 30, 2000 is included. In fiscal year 2002 only, there is included an additional nine months of revenue from the annexation for the prior year due to the timing of the annexation effective date.
- (4) Local option sales tax and franchise tax are restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.
- (5) Beginning in fiscal year 2001, parking fines are reported in the Parking Facilities Fund, an enterprise fund.
- (6) Beginning in fiscal year 1999, storm water operations are accounted for in the Storm Water Management Fund, an enterprise fund.
- (7) Beginning in fiscal year 2005, debt service is accounted for in the Debt Service Fund.

**TABLE 4**

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 5,720,951	\$ 3,068,509	\$ 6,905,283	\$ 18,633,309	\$ 19,534,201	\$ 14,226,412
(6,573,381)	(3,806,434)	(7,305,956)	(19,026,558)	(20,324,515)	(14,848,737)
-	-	10,351,989	-	-	-
-	4,237,811	-	47,365,000	-	-
-	-	-	2,258,494	-	-
5,500,000	-	-	1,184,184	273,803	1,093,500
-	-	(6,702,956)	-	-	-
-	-	-	(8,535,107)	-	-
-	-	-	-	-	(1,093,500)
<u>4,647,570</u>	<u>3,499,886</u>	<u>3,248,360</u>	<u>41,879,322</u>	<u>(516,511)</u>	<u>(622,325)</u>
<u>\$ 9,812,942</u>	<u>\$ 4,241,627</u>	<u>\$ 494,961</u>	<u>\$ 41,501,661</u>	<u>\$ (18,703,853)</u>	<u>\$ (11,627,627)</u>
10.6%	8.9%	9.1%	9.4%	10.9%	9.6%

**TABLE 5****CITY OF WILMINGTON, NORTH CAROLINA****Assessed and Estimated Actual Value of Taxable Property****Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Taxable Value as a Percentage of Actual Value</u>
1998	\$ 2,206,662,420	\$ 596,469,271	\$ 111,266,811	\$ 2,914,398,502	\$ 0.595	100%
1999	2,307,941,747	612,527,640	99,801,402	3,020,270,789	0.650	100%
2000	5,200,161,853	1,046,503,494	145,551,520	6,392,216,867 <sup>(1)</sup>	0.470	100%
2001	5,337,095,765	1,119,464,898	145,371,646	6,601,932,309	0.470	100%
2002	6,682,783,632	1,307,522,169	155,487,381	8,145,793,182	0.470	100%
2003	6,845,437,902	1,316,772,835	151,502,588	8,313,713,325	0.470	100%
2004	6,994,374,825	1,198,554,241	143,646,286	8,336,575,352	0.470	100%
2005	7,159,369,535	1,233,951,171	149,194,323	8,542,515,029	0.460	100%
2006	7,421,238,230	1,333,505,244	150,444,028	8,905,187,502	0.460	100%
2007	7,682,889,110	1,411,828,677	101,833,749	9,196,551,536	0.460	100%

**Source:** New Hanover County Tax Office

**Notes:** <sup>(1)</sup> Property in New Hanover County is appraised at least once every eight years on average as required by state law. Property is assessed at 100 percent of value. Tax rates are per \$100 of assessed value.

TABLE 6

## CITY OF WILMINGTON, NORTH CAROLINA

Property Tax Rates - Direct and Overlapping Governments  
(Per \$100 of Assessed Value)

## Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>City of Wilmington Direct Rates</u>	<u>New Hanover County Overlapping Rates</u>	<u>Total Direct &amp; Overlapping Rates</u>
1998	\$ 0.595	\$ 0.665	\$ 1.260
1999	0.650	0.665	1.315
2000	0.470	0.565	1.035
2001	0.470	0.610	1.080
2002	0.470	0.690	1.160
2003	0.470	0.690	1.160
2004	0.470	0.680	1.150
2005	0.460	0.680	1.140
2006	0.460	0.680	1.140
2007	0.460	0.685	1.145

**Source:** New Hanover County Tax Office

**Notes:** Overlapping rates are those of the county government that apply to property owners within the City of Wilmington. This is in addition to the City tax rate that is levied on residents within the corporate limits. The City tax rate may not exceed \$1.50 per \$100 of assessed value under state law.

**TABLE 7**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Top Ten Taxpayers**

**Current Year and Nine Years Ago**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 163,312,394	1	1.78 %	\$ -	-	- %
UDRT of North Carolina LLC	43,505,274	2	0.47	34,190,625	2	1.25
Carolina Power & Light Co.	43,112,717	3	0.47	33,506,181	3	1.22
Independence Shoppingtown	37,334,857	4	0.41	22,395,062	4	0.82
BellSouth Tel Co.	34,879,920	5	0.37	43,614,715	1	1.59
GSII University Centre LLC	22,399,728	6	0.24	-	-	-
AAI	21,269,261	7	0.23	-	-	-
PPD	15,649,613	8	0.17	-	-	-
Piedmont Natural Gas Co. Inc.	14,670,941	9	0.16	-	-	-
Cellco	13,502,926	10	0.15	-	-	-
Developers Diversified Realty	-	-	-	20,875,773	5	0.76
Columbia Cape Fear Healthcare	-	-	-	17,428,036	6	0.64
Federal Paper Board	-	-	-	15,767,879	7	0.58
North Carolina Natural Gas	-	-	-	12,044,047	8	0.44
Net Realty Holding Trust	-	-	-	11,423,481	9	0.42
The American Crane Co.	-	-	-	10,738,496	10	0.39
	<u>\$ 409,637,631</u>		<u>4.45 %</u>	<u>\$ 221,984,295</u>		<u>8.11 %</u>

Source: New Hanover County Tax Office

**TABLE 8**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Total Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 17,394,186	\$ 16,957,079	97.49 %	\$ 430,037	\$ 17,387,116	99.96 %
1999	19,602,792	19,121,615	97.55	410,257	19,531,872	99.64
2000	34,043,367	33,258,083	97.69	705,784	33,963,867	99.77
2001	31,085,675	30,367,985	97.69	646,730	31,014,715	99.77
2002	42,566,296	41,663,142	97.88	793,286	42,456,428	99.74
2003	39,230,731	38,241,979	97.48	829,540	39,071,519	99.59
2004	39,330,888	38,520,774	97.94	590,166	39,110,940	99.44
2005	39,393,630	38,704,342	98.25	546,872	39,251,214	99.64
2006	41,015,008	40,344,559	98.37	480,146	40,824,705	99.54
2007	42,368,273	41,565,365	98.10	-	41,565,365	98.10

**Source:** New Hanover County Tax Office

**TABLE 9**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ratio of Outstanding Debt by Type**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Water & Sewer Revenue Bonds	Installment Obligations	Other Long-term Obligations			
1998	\$ 25,123,686	\$ 10,320,000	\$ 4,606,918	\$ 52,331,314	\$ -	\$ -	\$ 6,131,637	\$ 98,513,555	6.01%	\$ 1,527
1999	22,713,049	9,995,000	4,859,054	49,521,951	7,380,435	-	6,385,583	100,855,072	5.01%	1,334
2000	20,338,584	13,885,000	3,853,417	46,731,416	22,761,794	22,550,000	4,566,900	134,687,111	6.18%	1,765
2001	21,400,297	13,310,000	5,046,349	43,959,703	22,000,714	22,030,000	2,851,149	130,598,212	4.95%	1,435
2002	18,969,229	12,710,000	9,032,849	43,180,771	21,202,561	21,490,000	2,316,319	128,901,729	4.92%	1,410
2003	16,644,492	16,322,811	7,719,888	40,130,508	20,247,335	30,157,190	1,769,997	132,992,221	4.94%	1,435
2004	17,819,954	15,457,810	6,521,800	36,920,046	19,351,017	29,567,190	1,223,367	126,861,184	4.45%	1,356
2005	15,251,701	61,197,259	7,468,017	33,598,299	18,418,416	30,250,758	775,363	166,959,813	5.93%	1,763
2006	12,962,155	52,500,673	12,398,500	30,422,845	70,404,118	29,639,327	1,419,811	209,747,429	N/A	2,159
2007	10,819,973	50,907,104	12,915,737	27,245,027	69,357,690	28,437,896	1,037,576	200,721,003	N/A	2,037

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 14, Demographic and Economic Statistics for personal income and population data.

**TABLE 10****CITY OF WILMINGTON, NORTH CAROLINA****Ratios of General Bond Debt Outstanding****Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
1998	\$ 25,123,686	0.86%	\$ 389
1999	22,713,049	0.75%	300
2000	20,338,584	0.32%	267
2001	21,400,297	0.32%	235
2002	18,969,229	0.23%	207
2003	16,644,492	0.20%	180
2004	17,819,954	0.21%	191
2005	15,251,701	0.18%	161
2006	12,962,155	0.15%	133
2007	10,819,973	0.12%	110

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Table 5, Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value.

(2) Population data can be found in Table 14, Schedule of Demographic and Economic Statistics.

**TABLE 11**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2007**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
New Hanover County	\$ 281,868,970	47.16 %	\$ 132,929,406
City of Wilmington direct debt			<u>74,642,814</u>
Total direct and overlapping debt			<u>\$ 207,572,220</u>

**Source:** Assessed value data used to estimate applicable percentages provided by the New Hanover Tax Office. Debt outstanding data provided by each government.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Wilmington. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total assessed value.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year			
	1998	1999	2000	2001
Debt limit	\$ 233,151,880	\$ 241,621,663	\$ 511,377,349	\$ 528,154,585
Total net debt applicable to debt limit	<u>39,750,697</u>	<u>36,373,325</u>	<u>33,041,899</u>	<u>33,156,421</u>
Legal debt margin	<u>\$ 193,401,183</u>	<u>\$ 205,248,338</u>	<u>\$ 478,335,450</u>	<u>\$ 494,998,164</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	17.05%	15.05%	6.46%	6.28%

**Legal Debt Margin Calculation for Fiscal Year 2007**

Total assessed valuation at June 30, 2007	<u>\$ 9,196,551,536</u>
Debt limit: 8% of total assessed value	\$ 735,724,123
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 38,065,000
Authorized but unissued general obligation bonds	14,000,000
Other debt (excluding water and sewer revenue bonds)	<u>93,298,313</u>
Gross debt	145,363,313
Less deductions allowed by law:	<u>38,138,243</u>
Total net debt applicable to debt limit	<u>107,225,070</u>
Legal debt margin	<u>\$ 628,499,053</u>

**Notes:** Under state law, the City of Wilmington's debt limit should not exceed 8% of the City's assessed valuation.

Total net debt is total outstanding bonded debt (other than revenue bonds) plus other outstanding debt minus funding and refunding bonds authorized but not yet issued and bonded debt incurred for water and sewer enterprise operations.

**TABLE 12**

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 651,663,455	\$ 665,097,066	\$ 666,926,028	\$ 683,401,202	\$ 712,415,000	\$ 735,724,123
<u>75,336,640</u>	<u>82,407,456</u>	<u>79,151,927</u>	<u>114,698,689</u>	<u>114,885,464</u>	<u>107,225,070</u>
<u>\$ 576,326,815</u>	<u>\$ 582,689,610</u>	<u>\$ 587,774,101</u>	<u>\$ 568,702,513</u>	<u>\$ 597,529,536</u>	<u>\$ 628,499,053</u>
11.56%	12.39%	11.87%	16.78%	16.13%	14.57%

TABLE 13

## CITY OF WILMINGTON, NORTH CAROLINA

## Pledged-Revenue Coverage

## Last Ten Fiscal Years

Fiscal Year Ended June 30	Water & Sewer Revenue Bonds					
	Gross Revenues <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1997	\$ 21,787,036	\$ 9,339,266	\$ 12,447,770	\$ -	\$ -	N/A
1998	22,512,692	10,285,269	12,227,423	-	-	N/A
1999	22,522,691	11,136,642	11,386,049	119,565	175,232	38.62
2000	23,959,960	12,048,462	11,911,498	233,641	900,037	10.51
2001	24,463,313	13,233,769	11,229,544	798,153	1,124,392	5.84
2002	24,278,286	14,179,338	10,098,948	835,819	1,087,426	5.25
2003	23,133,639	14,914,206	8,219,433	896,318	968,667	4.41
2004	24,729,940	15,045,413	9,684,527	932,601	930,834	5.20
2005	27,238,656	15,378,908	11,859,748	974,299	890,231	6.36
2006	32,412,202	16,747,410	15,664,792	1,046,428	3,294,869	3.61
2007	36,198,295	20,585,363	15,612,932	2,149,004	3,248,318	2.89

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> Gross revenues include all fees (including impact fees), other charges and investment income.

<sup>(2)</sup> Operating expenses do not include interest, depreciation and amortization expenses.

TABLE 14

## CITY OF WILMINGTON, NORTH CAROLINA

## Demographic and Economic Statistics

## Last Ten Fiscal Years

Fiscal Year Ended June 30	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Ratio (5)
1998	64,513	\$ 1,639,662	\$ 25,416	35.7	21,488	4.9%
1999	75,629 (6)	2,013,849	26,628	36.0	20,936	3.4%
2000	76,307	2,179,252	28,559	36.3	21,792	3.9%
2001	90,981 (7)	2,639,632	29,013	36.5	21,430	4.5%
2002	91,441	2,619,785	28,650	36.6	21,854	6.6%
2003	92,668	2,691,264	29,042	36.7	21,639	6.0%
2004	93,524	2,849,302	30,466	36.9	22,140	3.6%
2005	94,718	2,817,103	29,742	37.1	23,208	4.5%
2006	97,135	N/A	N/A	37.3	24,097	3.5%
2007	98,529	N/A	N/A	37.6	24,232	3.9%

**Sources and notes:**

- (1) City of Wilmington Planning Department.
- (2) Department of Revenue, State of North Carolina.
- (3) North Carolina State Demographics, Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.
- (4) Figures are provided by the New Hanover County Public Schools which includes the City of Wilmington (City's 2007 population estimated at 98,529 out of 182,591 total County population).
- (5) North Carolina Employment Security Commission.
- (6) Includes increase attributable to annexation effective in 1999.
- (7) Includes increase attributable to annexation effective in 2000.

**TABLE 15**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Principal Employers**

**Current Year and Nine Years Ago**

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	4,382	1	4.00%	4,000	1	5.84%
University of North Carolina (Wilmington)*	2,250	2	2.05%	1,120	6	1.64%
New Hanover County**	1,863	3	1.70%	1,400	5	2.04%
New Hanover County Schools**	1,838	4	1.68%	3,400	2	4.97%
Pharmaceutical Products Development*	1,421	5	1.30%	-	-	-
General Electric Nuclear Fuel/Aircraft***	1,257	6	1.15%	2,200	3	3.21%
Verizon Wireless*	1,241	7	1.13%	-	-	-
Mundy Maintenance Services and Operations**	1,210	8	1.10%	-	-	-
City of Wilmington*	1,174	9	1.07%	1,050	7	1.53%
Wal-mart**	1,064	10	0.97%	-	-	-
Corning, Inc.***	-	-	-	2,000	4	2.92%
United States Government*	-	-	-	940	8	1.37%
Kosa***	-	-	-	600	9	0.88%
Applied Analytical Industries, Inc.*	-	-	-	600	10	0.88%
<b>Total</b>	<b>17,700</b>		<b>16.15%</b>	<b>17,310</b>		<b>25.28%</b>

**Source:** North Carolina Employment Security Commission

**Notes:**

\* Located within the City of Wilmington

\*\* Located partially in City

\*\*\* Located within New Hanover County

(1) Total employment numbers available from North Carolina Employment Security Commission only on a county basis.

**TABLE 16**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Full-time Equivalent City Government Employees by Function**

**Last Ten Fiscal Years**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	129	146	144	156	161	154	158	155	161	168
Public Safety										
Police										
Policeman and officers	185	210	250	249	247	246	251	251	253	254
Civilians	23	25	32	36	38	41	44	43	43	48
Fire										
Firemen and officers	148	177	179	203	209	209	210	210	210	212
Civilians	6	6	6	6	6	6	7	7	7	8
Code enforcement	4	6	7	7	8	8	8	9	11	11
Transportation	35	42	50	57	59	60	61	61	61	62
Economic and Physical Development	10	10	10	11	11	13	13	12	13	13
Cultural and Recreational	40	46	60	66	66	70	73	73	74	79
Solid Waste	33	37	39	54	55	55	55	59	87	91
Water and Sewer	125	135	130	151	156	156	157	157	159	178
Groundwater Utility	-	-	18	18	18	18	18	18	18	7
Storm Water Management	29	44	45	56	57	57	57	58	58	59
Parking Facilities	-	-	-	-	-	-	1	1	1	1
Golf Course	8	10	10	10	10	9	9	9	9	9
Total	<u>775</u>	<u>894</u>	<u>980</u>	<u>1,080</u>	<u>1,101</u>	<u>1,102</u>	<u>1,122</u>	<u>1,123</u>	<u>1,165</u>	<u>1,200</u>

Source: City Budget Office.

**TABLE 17**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Operating Indicators by Function**

**Last Ten Fiscal Years**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Calls dispatched	N/A	N/A	N/A	139,383	144,934	148,547	173,768	154,959	179,088	173,235
Part I crimes	7,193	8,667	8,554	8,243	9,208	8,970	8,361	7,966	8,363	7,410
Fire										
Actual fires	N/A	N/A	610	637	640	556	561	568	583	597
Fire department responses	N/A	5,294	5,113	5,914	8,138	7,969	8,417	9,567	10,364	9,807
Fire inspections completed	N/A	2,874	5,418	4,731	2,926	3,429	4,957	5,115	4,925	6,791
Streets Maintenance										
Miles of streets resurfaced	3	7	4	0	1	10	7	5	3	6
Solid Waste										
Tons of residential refuse	21,122	26,705	25,082	29,023	31,794	32,156	27,777	29,808	29,986	28,552
Tons of recyclables	2,381	2,496	2,366	2,547	3,200	3,429	4,302	4,831	4,526	4,454
Water										
Number of consumers	N/A	24,100	36,800	37,440	37,440	41,891	43,160	44,715	46,252	47,171
Average daily consumptions (gallons)	9,507,500	11,180,070	15,400,000	18,220,000	18,220,000	17,978,000	16,752,000	15,050,000	16,140,000	15,386,083
Sewer										
Number of consumers	N/A	N/A	N/A	22,640	22,860	22,880	23,580	24,040	24,750	24,890
Average million gallons treated per day	N/A	14	18	14	14	15	15	16	16	17
Golf Course										
Total number of regular rounds	N/A	44,051	N/A	55,782	54,750	52,550	51,458	N/A	55,460	55,000

**Source:** Various City departments.

**Notes:** Indicators are not available for the general government function.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Asset Statistics by Function**

**Last Ten Fiscal Years**

	Fiscal Year		
	1998	1999	2000
Police			
Stations / facilities	1	3	3
Patrol units	N/A	N/A	153
Fire			
Fire stations	5	5	9
Transportation			
Streets (miles)	255	295	304
Streetlights	6,657	6,817	7,421
Cultural and Recreational			
Parks	N/A	N/A	N/A
Parks acreage	N/A	N/A	N/A
Recreation centers	8	8	9
Solid Waste			
Collection trucks	24	25	30
Water			
Water mains (miles)	524	709	712
Maximum daily capacity (million gallons)	25	25	25
Sewer			
Sanitary sewers (miles)	392	392	393
Sewer plants	2	2	2
Maximum daily capacity (million gallons)	20	20	20
Storm Water			
Storm sewers (miles)	400	400	400
Number of customers	N/A	N/A	N/A
ERUs	N/A	N/A	N/A
Parking			
Parking Decks	2	2	1
Fleet			
Vehicles (excluding patrol units)	N/A	N/A	330

**Source:** Various City departments.

**Notes:** No capital assets indicators are available for the general government function.

**TABLE 18**

Fiscal Year						
2001	2002	2003	2004	2005	2006	2007
4	4	4	3	2	2	2
175	181	186	186	192	239	316
9	9	9	9	9	9	10
303	365	375	381	382	383	383
7,789	8,290	8,699	8,738	9,252	9,226	9,248
41	41	41	42	43	44	45
459	459	459	517	563	602	695
9	9	9	9	9	9	9
30	33	36	37	42	56	65
716	736	745	765	780	785	785
25	25	25	25	27.5	27.5	27.5
393	393	393	394	395	395	395
2	2	2	2	2	2	2
20	20	20	20	20	20	20
400	400	400	400	400	400	400
N/A	N/A	N/A	N/A	N/A	N/A	29,764
N/A	N/A	78,622	76,148	75,926	80,126	80,298
1	1	1	1	2	2	2
352	359	357	367	368	387	410

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**SINGLE AUDIT SECTION TAB (BACK)**



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the City Council  
City of Wilmington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Wilmington, North Carolina as of and for the year ended June 30, 2007, which collectively comprises the City of Wilmington, North Carolina's basic financial statements, and have issued our report thereon dated November 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wilmington, North Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wilmington, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Wilmington, North Carolina, in a separate letter dated November 14, 2007.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 14, 2007



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act**

To the City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Wilmington, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 14, 2007



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major State  
Program and Internal Control Over Compliance in Accordance with  
Applicable Sections of OMB Circular A-133 and the  
State Single Audit Implementation Act**

To the City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. The City of Wilmington, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State program is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
November 14, 2007

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2007**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
* Material weakness(es) identified?	_____ yes	<u>  x  </u> no	
* Significant Deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	<u>  x  </u> none reported	
Noncompliance material to financial statements noted	_____ yes	<u>  x  </u> no	

**Federal Awards**

Internal control over major federal programs:			
* Material weakness(es) identified?	_____ yes	<u>  x  </u> no	
* Significant Deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	<u>  x  </u> none reported	
Type of auditor's report issued on compliance for major federal programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____ yes	<u>  x  </u> no	

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
97.044	Assistance to Firefighters Grant

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2007**

**Section I - Summary of Auditor's Results (Continued)**

**Federal Awards (Continued)**

Dollar threshold used to distinguish  
between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee?  x  yes   no

**State Awards**

Internal control over major State programs:

\* Material weakness(es) identified?   yes  x  no

\* Significant Deficiency(s) identified that are  
not considered to be material weaknesses?   yes  x  none reported

Type of auditor's report issued on compliance for major  
State programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single  
Audit Implementation Act   yes  x  no

Identification of major State programs:

Program Name  
Powell Bill  
Clean Water Management Trust Fund

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2007**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**Corrective Action Plan**

**Year Ended June 30, 2007**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**Summary Schedule of Prior Year Audit Findings**

**Year Ended June 30, 2007**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards**

**Year Ended June 30, 2007**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards:</b>						
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
Community Development Block Grant	14.218	B-99-MC-370010	-	\$ 21,768	\$ -	\$ -
Community Development Block Grant	14.218	B-00-MC-370010	-	48,188	-	-
Community Development Block Grant	14.218	B-03-MC-370010	-	10,632	-	-
Community Development Block Grant	14.218	B-04-MC-370010	-	37,537	-	-
Community Development Block Grant	14.218	B-05-MC-370010	-	39,100	-	-
Community Development Block Grant	14.218	B-06-MC-370010	-	717,983	-	70,045
Home Investment Partnerships Program	14.239	M-03-MC-37-0207	-	46,996	-	-
Home Investment Partnerships Program	14.239	M-04-MC-37-0207	-	184,868	-	-
Home Investment Partnerships Program	14.239	M-05-MC-37-0207	-	321,014	-	-
Home Investment Partnerships Program	14.239	M-06-MC-37-0207	-	37,636	-	26,078
Total U.S. Department of Housing and Urban Development				<u>1,465,722</u>	<u>-</u>	<u>96,123</u>
<u>U.S. Department of Interior</u>						
Passthrough N.C. Department of Cultural Resources:						
Local Historic Preservation Commission Training	15.904	-	-	<u>7,156</u>	<u>-</u>	<u>-</u>

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2007**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Transportation</u>						
Passthrough N.C. Department of Transportation:						
Transportation Planning	20.205	Section 104(f)	39225.1.16	\$ 279,800	\$ -	\$ 69,950
Transportation Planning	20.505	07-08-116	36230.27.6.6	42,608	5,326	5,326
Enhancement Agreement	20.205	E-4516	34041.2.1	165	-	41
Enhancement Agreement	20.205	E-4749	36423.1.1	4,588	-	1,147
Enhancement Agreement	20.205	E-2917C	3500.3.03.065	14,907	-	4,977
Enhancement Agreement	20.205	E-2971C	-	(4,131)	-	9,082
Enhancement Agreement	20.205	E-2973C	30546	209,712	-	84,628
Municipal Agreement	20.205	U-4751	40191.1.1	186,213	(186,213)	-
Governor's Highway Safety Program	20.605	QN-06-10-01-16	40377.3.16	73,580	-	24,527
Total U.S. Department of Transportation				<u>807,442</u>	<u>(180,887)</u>	<u>199,678</u>
<u>U.S. Department of Justice</u>						
Direct Program:						
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0138	-	4,817	-	1,732
Bulletproof Vest Partnership	16.607	2005BUBX05027760	-	3,451	-	3,451
Bulletproof Vest Partnership	16.607	2006BUBX06136042	-	6,449	-	6,449
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0535	-	63,363	-	7,041
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0839	-	84,358	-	-

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2007**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Justice (continued)</u>						
Passthrough N.C. Department of Crime Control and Public Safety:						
Dreambuilders	16.548	065-1-04-009-AT-108	-	\$ 26,159	\$ -	\$ 13,079
Dreambuilders Project Coordinator	16.540	065-1-05-009-AJ-805	-	7,609	-	-
Education: The Great Equalizer	16.540	065-1-05-027-AJ-581	-	58,090	-	18,819
Building Futures	16.523	065-1-06-011-AK-713	-	64,894	-	21,631
EDNC: Wilmington - PSN, Anti-Gang: 2006 Initiative	16.609	065-1-03-001-AZ-038	-	9,903	-	-
Dreams Sustained Prevention/ Intervention Arts	16.738	065-1-05-003-BH-791	-	27,987	-	9,329
Total U.S. Department of Justice				<u>357,080</u>	<u>-</u>	<u>81,531</u>
<u>U.S. Department of Homeland Security</u>						
Direct Program:						
Assistance to Firefighters	97.044	EMW-2005-FG-11751	-	263,595	-	65,898
Fire Prevention	97.044	EMW-2005-FP-01398	-	25,535	-	-
Assistance to Firefighters	97.044	EMW-2004-FG-12146	-	332,489	-	961,160

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2007**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
Passthrough N.C. Department of Crime Control and Public Safety:						
RRT 2 - Wilmington	97.067	2006-GE-T6-0010	-	\$ 66,840	\$ -	\$ -
Public Assistance - PA ID: 129-74440-00	97.036	FEMA-1608-DR-NC	-	41,144	13,715	-
Public Assistance - PA ID: 129-74440-00	97.036	FEMA-3254-DR-NC	-	(817)	(272)	-
Total U.S. Department of Homeland Security				<u>728,786</u>	<u>13,443</u>	<u>1,027,058</u>
Total Federal Awards				<u>3,366,186</u>	<u>(167,444)</u>	<u>1,404,390</u>
<b>State Awards:</b>						
<u>N.C. Department of Transportation</u>						
Powell Bill Funds	DOT-4	-	32570	-	2,814,944	83,275
FY07 Rideshare Program	-	07-RS-008	36225.7.4.1	-	52,672	52,672
Municipal Agreement	-	E-2971C	38301	-	59,628	19,868
Traffic Agreement	-	-	35859	-	888	222
Municipal Agreement	-	-	39738	-	70,000	52,640
Municipal Agreement	-	-	40457	-	95,000	136,321
Total N.C. Department of Transportation				<u>-</u>	<u>3,093,132</u>	<u>344,998</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2007**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>State Awards (continued):</b>						
<u>N.C. Department of Environment and Natural Resources</u>						
Hewlett's Creek Storm Water Agreement	-	2004B-707	-	\$ -	\$ 2,102,244	\$ 767,753
<u>N.C. Rural Economic Development Center</u>						
Urban Distress Pilot Program	-	2007-0258-80303-403	-	-	5,000	-
Total State Awards				-	5,200,376	1,112,751
Total Federal and State Awards				\$ 3,366,186	\$ 5,032,932	\$ 2,517,141

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Schedule of Expenditures of Federal and State Awards**

**Year Ended June 30, 2007**

**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards represents the activity of all federal and State awards to the City of Wilmington, North Carolina. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Expenditures are reported on the schedule only at such time as there is an approved award. As a result, certain expenditures incurred in a prior year may be reported for the first time in the current year or as a reimbursement of local expenditures reported in a prior year. All federal and state awards, received directly or indirectly (flow through) from federal and state agencies, are included on the schedule.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal and state awards has been prepared on the modified accrual basis, which is described in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule will frequently differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 3 - FEDERAL PROGRAM MONIES USED TO MAKE LOANS**

The following schedule reflects the activity in the Federal loan programs.

	<u>CFDA</u>	<u>Outstanding</u>	<u>Loaned or</u>	<u>Collected or</u>	<u>Outstanding</u>
	<u>Number</u>	<u>June 30, 2006</u>	<u>Assigned</u>	<u>Forgiven</u>	<u>June 30, 2007</u>
<u>U.S. Department of Housing and</u>					
<u>Urban Development</u>					
Direct Program:					
Community Development					
Block Grant	14.218	\$ 5,009,614	\$ 786,906	\$ 550,614	\$ 5,245,906
Home Investment Partnership	14.239	3,893,699	470,487	571,664	3,792,522
Rental Rehabilitation	N.A.	72,251	32,852	11,009	94,094
Urban Development Action Grant	N.A.	36,770	-	-	36,770

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